

CIRCULAR DATED 23 JUNE 2021

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

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

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "DEFINITIONS".

If you have sold or transferred all your Shares, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM and the accompanying Proxy Form, may be accessed via SGXNet and the Company's website at <http://www.mce.com.sg/investors>.

This Circular has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rule 226(2)(b) of the Catalist Rules. 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.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (+65) 6636 4201.



METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198804700N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF GAINHEALTH PTE. LTD.**
- (2) THE PROPOSED DIVERSIFICATION INTO THE HEALTHCARE BUSINESS AND THE E-COMMERCE BUSINESS**

Important Dates and Times:

Last date and time to pre-register online to attend the EGM	:	5 July 2021 at 10 a.m. (Singapore Time)
Last date and time for lodgement of Proxy Form	:	6 July 2021 at 10 a.m. (Singapore Time)
Date and time of the EGM	:	8 July 2021 at 10 a.m. (Singapore Time)
Place of EGM	:	The EGM will be held by electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS)

This Circular, together with the Notice of EGM and the accompanying Proxy Form, has been made available on SGXNet. **A printed copy of this Circular, together with the Notice of EGM and the accompanying Proxy Form will NOT be despatched to Shareholders.**

The Company will not be arranging for a physical meeting, accordingly, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via "live" audio-visual webcast ("**LIVE WEBCAST**") or listening to the EGM proceedings via "live" audio-only stream ("**AUDIO ONLY MEANS**") (collectively, "**electronic means**"); (b) submitting questions in advance of the EGM; and/or (c) voting by proxy at the EGM. Please refer to Section 9 of this Circular for further details.

Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company on SGXNet.

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CORPORATE INFORMATION

Board of Directors	:	Chua Kheng Choon (Chairman and Chief Executive Officer) Koh Gim Hoe (Lead Independent and Non-Executive Director) Leow Siew Yon, Cynthia (Independent and Non-Executive Director) Kelvin Lee Ming Hui (Independent and Non-Executive Director)
Company Secretaries	:	Lee Wei Hsiung Mak Peng Leong, Philip
Registered Office	:	7030 Ang Mo Kio Avenue 5 #08-85 Northstar@AMK Singapore 569880
Share Registrar and Share Transfer Office	:	M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Sponsor	:	ZICO Capital Pte. Ltd. 8 Robinson Road #09-00 ASO Building Singapore 048544
Auditors	:	Foo Kon Tan LLP 24 Raffles Place #07-03 Clifford Centre Singapore 048621
Legal Adviser to the Company on Singapore Law for the Proposed Acquisition and the Proposed Diversification	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542 Date of Appointment: 27 April 2021

DEFINITIONS

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

- “Additional Arranger Fee” : Up to S\$255,000, equivalent to 5% of the Performance Bonus, payable by way of the allotment and issuance of the Additional Arranger Shares, upon fulfilment of the Performance Conditions, pursuant to the terms and conditions of the Arranger Fee Agreement
- “Additional Arranger Shares” : Up to 6,891,892 new Shares to be allotted and issued to the Arranger at the Issue Price
- “Arranger” : Ms. Tan Ker Sin
- “Arranger Fee” : Being an amount of S\$212,500, equivalent to 5% of the Consideration, pursuant to the terms and conditions of the Arranger Fee Agreement
- “Arranger Fee Agreement” : The arranger fee agreement dated 7 June 2021 entered into between the Company and the Arranger for the services to be provided by the Arranger in connection with the Proposed Acquisition
- “Arranger Shares” : 5,743,243 new Shares to be allotted and issued to the Arranger, at the Issue Price
- “associate” : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) 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
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a substantial shareholder or 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
- “Board” : The board of directors of the Company as at the date of this Circular or from time to time, as the case may be
- “Business Day” : A day on which commercial banks are open for business in Singapore (other than Saturdays, Sundays or public holidays)
- “Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time

DEFINITIONS

“Catalist”	:	The Catalist board of the SGX-ST
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 23 June 2021 in relation to the Proposed Acquisition and the Proposed Diversification
“Companies Act”	:	The Companies Act, Cap. 50 of Singapore, as may be amended, supplemented or modified from time to time
“Company” or “Purchaser”	:	Metal Component Engineering Limited
“Completion Date”	:	The date falling 14 business days after the satisfaction or waiver of the conditions precedent under the SPA
“Consideration”	:	The aggregate consideration for the Sale Shares, being S\$4,250,000
“Consideration Shares”	:	Up to 13,000,000 new Shares to be allotted and issued to the Vendors at the Issue Price
“Constitution”	:	The constitution of the Company, as may be amended, supplemented or modified from time to time
“controlling shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Director”	:	A director of the Company as at the date of this Circular or from time to time, as the case may be
“E-Commerce Business”	:	The business which would include online self-branded e-commerce portals and growth stage digital ecosystem platforms, and including but not limited, to (a) operating of technology and digital payment applications that enable digital and mobile payments; (b) investment in or building (whether through expertise in the Group and/or suitably qualified external personnel) proven business models relating to e-commerce or the internet of things and seek to scale them into market leading online companies Details of the scope of the E-Commerce Business as set out in Section 3.3.1(b) of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened and held, notice of which is set out on pages N-1 to N-2 of this Circular
“EPS”	:	Earnings per Share

DEFINITIONS

“FY”	:	Financial year ended or ending 31 December, as the case may be
“FYJ”	:	Fu Yijie
“Group”	:	The Company and its subsidiaries collectively
“Healthcare Business”	:	The business which would include the business of developing, training, distributing (via retail, direct selling, network marketing or e-commerce) healthcare products and/or services, and including but not limited to (a) general health and wellness; (b) homecare nursing and carer support; (c) supply of medication for chronic diseases; (d) direct to home and consumer personalised care; and (e) training on home based medical procedures
“Independent Valuer”	:	Cushman & Wakefield VHS Pte Ltd
“Issue Price”	:	The issue price of S\$0.037 for, as the case may be, each Consideration Share, the Performance Share, the Arranger Share and the Additional Arranger Share, determined based on the higher of either S\$0.037 or the VWAP for the full trading day prior to the date of, as the case may be, the SPA or the Arranger Fee Agreement, being S\$0.0364
“JPS”	:	Jagannathan Padmaja Sakthi
“Latest Practicable Date”	:	18 June 2021, being the latest practicable date prior to the issue of this Circular
“LPS”	:	Losses per Share
“Notice of EGM”	:	The notice of EGM which is set out on pages N-1 to N-2 of this Circular
“NAV”	:	Net asset value
“New Share(s)”	:	Being the Consideration Shares, the Performance Shares, the Arranger Shares and the Additional Arranger Shares
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	The ordinary resolution as set out in the Notice of EGM
“Performance Bonus”	:	Up to S\$5,100,000 payable by the Company to the Vendors, subject to JPS procuring the Target’s fulfilment of the Performance Conditions
“Performance Conditions”	:	Has the meaning ascribed to it in Section 2.6.4 of this Circular
“Performance Shares”	:	Up to 20,000,000 new Shares to be allotted and issued to the Vendors at the Issue Price, subject to the Performance Conditions

DEFINITIONS

“Proposed Acquisition”	:	The proposed acquisition of the Sale Shares from the Target, representing approximately 85.07% of the total issued and paid-up share capital of the Target, pursuant to the terms and conditions of the SPA
“Proposed Diversification”	:	The proposed diversification into the Healthcare Business and the E-Commerce Business
“Proxy Form”	:	The proxy form in respect of the EGM which is attached to this Circular
“Sale Shares”	:	The 1,715 ordinary shares in the capital of the Target (comprising 1,669, 20 and 26 of such shares from JPS, FYJ and YKN respectively) representing approximately 85.07% of the total issued and paid-up share capital of the Target as at the Latest Practicable Date, to be acquired by the Company from the Vendors, pursuant to the Proposed Acquisition
“Second Valuation”	:	Has the meaning ascribed to it in Section 2.6.1 of this Circular
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Cap. 289 of Singapore, as may be amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the share capital of the Company
“SPA”	:	The sale and purchase agreement dated 7 June 2021 entered into between the Company and the Vendors in relation to the proposed acquisition of the Sale Shares
“Sponsor”	:	ZICO Capital Pte. Ltd.
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“Summary of Valuation Report”	:	A summary of the Valuation Report set out in Appendix A to this Circular
“Target”	:	Gainhealth Pte. Ltd.
“Vendors”	:	JPS, FYJ and YKN

DEFINITIONS

“Valuation”	:	A valuation conducted by the Independent Valuer on 100% equity interest in the capital of the Target, as at 31 March 2021
“Valuation Report”	:	The report on the Valuation issued by the Independent Valuer on 22 June 2021, a summary of which is set out in the Summary of Valuation Report as set out in Appendix A to this Circular.
“VWAP”	:	Volume weighted average price
“YKN”	:	Yeo Kang Nian
“S\$” and “Singapore cents”	:	Singapore dollars and cents respectively, the lawful currency of Singapore
“%”	:	Per centum or percentage

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

The terms “associated company” and “subsidiary” shall have the same meanings ascribed to them in the Catalist Rules and the Companies Act, as the case may be.

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

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

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

Any discrepancies in the figures in this Circular between the listed amounts 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.

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

LETTER TO SHAREHOLDERS

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198804700N)

Board of Directors:

Chua Kheng Choon (Chairman and Chief Executive Officer)
Koh Gim Hoe (Lead Independent Director)
Leow Siew Yon, Cynthia (Independent Director)
Kelvin Lee Ming Hui (Independent Director)

Registered Office:

7030 Ang Mo Kio Avenue 5
#08-85 Northstar@AMK
Singapore 569880

23 June 2021

To: The Shareholders of Metal Component Engineering Limited

Dear Sir/Madam,

- (1) THE PROPOSED ACQUISITION OF GAINHEALTH PTE. LTD.**
- (2) THE PROPOSED DIVERSIFICATION INTO THE HEALTHCARE BUSINESS AND THE E-COMMERCE BUSINESS**

1. INTRODUCTION

1.1 Extraordinary General Meeting

1.1.1 The Board is convening the EGM to seek Shareholders' approval for:

- (a) the Proposed Acquisition of Gainhealth Pte. Ltd.; and
- (b) the Proposed Diversification into the Healthcare Business and the E-Commerce Business.

1.2 Circular

1.2.1 The purpose of this Circular is to provide Shareholders with relevant information relating to, and to seek Shareholders' approval for, the Proposed Acquisition and the Proposed Diversification. The Notice of the EGM is set out on pages N-1 to N-2 of this Circular.

1.2.2 Shook Lin & Bok LLP has been appointed as the legal counsel to the Company in relation to the Proposed Acquisition.

1.2.3 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.

1.2.4 SHAREHOLDERS SHOULD NOTE THAT THE PASSING OF ORDINARY RESOLUTION 1 AND ORDINARY RESOLUTION 2 ARE INTER-CONDITIONAL. THIS MEANS THAT IF EITHER ORDINARY RESOLUTION 1 OR ORDINARY RESOLUTION 2 IS NOT PASSED, THE COMPANY WILL NOT PROCEED WITH EITHER ORDINARY RESOLUTION 1 OR ORDINARY RESOLUTION 2 (AS THE CASE MAY BE). IN ORDER FOR THE COMPANY TO PROCEED WITH BOTH ORDINARY RESOLUTION 1 AND ORDINARY RESOLUTION 2, BOTH ORDINARY RESOLUTION 1 AND ORDINARY RESOLUTION 2 NEED TO BE APPROVED BY SHAREHOLDERS AT THE EGM.

LETTER TO SHAREHOLDERS

2. THE PROPOSED ACQUISITION OF GAINHEALTH PTE. LTD.

2.1 Introduction

- 2.1.1 On 8 June 2021, the Company announced, *inter alia*, that the Company had, on 7 June 2021, entered into the SPA with the Vendors for the proposed acquisition of the Sale Shares, representing in aggregate approximately 85.07% of the total issued and paid-up share capital of the Target, subject to the terms and conditions set out in the SPA. Pursuant to the SPA, the Consideration amounted to S\$4,250,000, with a Performance Bonus of up to S\$5,100,000 payable by the Company to the Vendors, subject to JPS procuring the Target's fulfilment of the Performance Conditions.
- 2.1.2 The Proposed Acquisition was brought to the Company through the introduction of JPS to the Company by Ms. Tan Ker Sin, the Arranger. Please refer to Section 2.8 of this Circular for further information on the Arranger and the Arranger Fee Agreement.
- 2.1.3 Upon completion of the Proposed Acquisition, the Target will become a 85.07%-subsidiary of the Company. Please refer to Section 2.3.1 of this Circular for the identity of the remaining shareholders of the Target. The day-to-day operations of the Target will continue to be managed by the Target's current management. According to the terms of the SPA, the completion of the Proposed Acquisition shall be subject to the appointment of Mr Chua Kheng Choon ("**Mr Chua**") being nominated by the Company and appointed as the chairman and director on the board of the Target. Accordingly, upon completion of the Proposed Acquisition and appointment of Mr Chua as the chairman and director on the board of the Target, the Company will have oversight over the Target.
- 2.1.4 In connection with the Proposed Acquisition, the Company has announced its intention to diversify into the Healthcare Business and the E-Commerce Business. Please refer to **Section 3** of this Circular for further information.

2.2 Information on the Vendors

- 2.2.1 JPS, a Singapore Citizen, is the founder, chief executive officer and the sole director of the Target. She manages the Target's e-commerce portals, partnerships with over-the-counter product companies, channel sales with e-commerce portals like Lazada, Shopee and Foodpanda, and digital marketing on social media and search engine. JPS used to work with diagnostic centers in community in Singapore providing them a digital front with websites, and marketing of their imaging services like magnetic resonance imaging scans. JPS managed a team of cross-border web development and digital marketing teams. JPS has also been part of a large dental chain which created an e-commerce platform, and a telemedicine company that was developing a digital marketing framework. JPS has more than 12 years of experience in healthcare businesses covering operations, sales and digital marketing. She has a shareholding interest of 96.73% in the Target as at the Latest Practicable Date.
- 2.2.2 FYJ is a Chinese national and YKN is a Singapore Citizen. As at the Latest Practicable Date, FYJ and YKN respectively hold shareholding interest of 0.99% and 1.29% in the Target. Both FYJ and YKN are passive seed round investors. Upon completion of the Proposed Acquisition, FYJ and YKN will exit the Target and will no longer be holding any shares in the Target.
- 2.2.3 Each of the Vendor is an independent third party and is not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the Latest Practicable Date, the Vendors do not have any interest in the shares of the Company.

LETTER TO SHAREHOLDERS

2.3 Information on the Target

2.3.1 Corporate Information

The Target, Gainhealth Pte. Ltd., is an exempt private company limited by shares incorporated in the Republic of Singapore on 26 June 2020, and as at the Latest Practicable Date, has an issued and paid-up share capital of S\$140,020 comprising 2,016 ordinary shares. The sole director of the Target is JPS. The shareholders of the Target and their respective shareholding interest in the Target before and after the Proposed Acquisition is as follows:

Name of shareholder in the Target	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of shares in the Target	%	Number of shares in the Target	%
Company	-	-	1,715	85.07
JPS	1,950	96.73	281	13.93
FYJ	20	0.99	-	-
YKN	26	1.29	-	-
Farah Feroz Abdullah	10	0.50	10	0.50
Jasmond Oh Jun Jie	10	0.50	10	0.50
Total	2,016	100.00	2,016	100.00

The Target is principally engaged in:

- (a) the healthcare business through operating a general practitioner clinic with in-house pharmacy known as "Gainhealth Clinic and Homecare", providing clinic-based services, with homecare nursing, carer support and retail of healthcare products; and
- (b) healthcare technology business through its e-commerce arm that operates multiple online e-commerce portals which is a omnichannel health and wellness digital platform. It has a regionally expanding team of 15 staff operating currently in Singapore and Malaysia, with its key management team comprising a regional manager experienced in wholesale pharmaceutical distribution (12 years), a digital marketing director with prior healthcare industry experience (12 years), and 3 doctors licenced in Singapore with prior online healthcare services experience.

The Target is positioned in both healthcare services and healthtech sectors. The Target owns a licenced primary care general practitioner clinic, with nurses and general practitioners to provide community-based care. They provide care co-ordination for their patients with chronic illnesses with largely generic medication and subsidised care as part of community health assist programs. Carer support programs and homecare products are provided to partner nursing agencies to have an integrated service from homecare to online consultations, clinic based care and referrals to specialists.

The healthtech side of the business creates the multiple channels of access to the community with social media, and e-commerce channels. The e-commerce channels include sales of over counter healthcare products to learn the concerns of the general customers, including their family's needs, provide preventive care products and the data gathered is used with the clinical software platform to develop a more personalised experience. This includes integrations to messaging tools for notifications and filling missing information with whatsapp chatbot.

The Target is vertically integrated with licenced clinic with pharmacy, online self-branded e-commerce portals, and product placements on proven regional e-commerce portals like Lazada, Shopee and Foodpanda. This allows the Target to provide better value to its customers by avoiding several middle layers in distribution costs, and bundling healthcare services like online medical consultations and health coaching for its members. The Target is positioned to cover the South

LETTER TO SHAREHOLDERS

East Asian markets with a data driven approach to gather customer health profiles into a disease management platform and provide personalised customer engagement in niche chronic conditions and personalised product placements.

The Target's website is found at <https://www.gainhealthclinicandhomecare.com/>. Any information on aforementioned website or any website directly or indirectly linked to such website does not form part of this Circular and should not be relied upon.

2.3.2 Financial Information

As the Target was only incorporated in June 2020, no audited financial statements were made available to the Company. Notwithstanding this, based on the management accounts of the Target as at 30 April 2021:

- (a) the working capital of the Target as at 30 April 2021 was approximately S\$82,449;
- (b) the book value of the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, was approximately S\$19,484 as at 30 April 2021;
- (c) the NTA value represented by the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, was approximately S\$19,484 as at 30 April 2021; and
- (d) the net loss attributable to the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, amounted to approximately S\$99,630 for the period from the date of incorporation of 26 June 2020 to 30 April 2021.

2.3.3 Independent Valuation

For the purpose of the Proposed Acquisition, the Company commissioned Cushman & Wakefield VHS Pte Ltd, the Independent Valuer to assess and determine the market value of 100% equity interest in the capital of the Target as at 31 March 2021 ("**Valuation Date**").

As at the date of the SPA, based on the Company's discussions with the Independent Valuer, the indicative Valuation based primarily on the income approach with reference to the market approach is between S\$3.9 million and S\$5.2 million ("**Valuation Range**"). Subsequent to the signing of the SPA, on 22 June 2021, the Independent Valuer issued the finalised Valuation Report, and the Summary Valuation Report is set out in **Appendix A** to this Circular. The market value of the 100% equity interest in the capital of the Target as at the Valuation Date (subject to assumptions stated in the Valuation Report and the Summary Valuation Report) remained in the Valuation Range, of between S\$3.9 million and S\$5.2 million.

As set out in the Summary Valuation Report, the Valuation has been prepared in accordance with the International Valuation Standards, and is based primarily on the income approach with reference made to the market approach. The Independent Valuer has also taken into consideration the prevailing market conditions as at the Valuation Date. An extract of Section 6 of the Summary of Valuation Report is reproduced below, to provide details on the valuation methodology and the rationale for adopting the income approach as the primary approach for the Valuation:

"We have considered the 3 valuation approaches namely Income Approach, Market Approach and Cost Approach and have adopted Income Approach as our primary approach with Market Approach as reference.

The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

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The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the Target had an on-going business and operations to generate future cash flow, the use of Income Approach as the primary approach is considered to be appropriate.

Under Market Approach, we have considered enterprise value to sales (“EV/Sales”) multiples in the valuation. Based on our analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Target is at its growth stage and the current earnings are not normalized. Thus, Market Approach is used as reference.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target and the Market Approach as a reference.”

Shareholders are advised to read and consider the Summary of Valuation Report set out in **Appendix A** to this Circular in respect of the independent valuation on the Target carefully, in particular the terms of reference, key assumptions and critical factors.

2.3.4 Financial, Legal and Other Due Diligence

The Company has commissioned Foo Kon Tan LLP and Shook Lin & Bok LLP to respectively conduct financial and legal due diligence on the Target. As at the date of this Circular, nothing materially adverse has come to the attention to the Company.

In addition, the Company has visited the office and clinical sites of the Target and interviewed JPS and other key management staff to discuss prospects, strategy and operations of the Target. The Company is satisfied with outcome of these discussions.

2.4 Rationale for the Proposed Acquisition

2.4.1 The Board believes that the Proposed Acquisition is of commercial benefits to the Group for the following reasons:

- (a) The existing business of the Group is to provide mechanical manufacturing solutions focusing on data storage, office automation peripherals, automated teller machines and kiosk products. As set out in the Company’s annual report for the financial year ended 31 December 2020, the Group has been exploring potential strategic acquisitions to augment and extend existing business operations, and to enhance the overall financial performance of the Group. The Company has been concerned about the impact of the on-going Sino-US trade war on the Group’s plant in China, as well as the anxiety and uncertainty caused by the COVID-19 pandemic on the global economy. The outbreak of COVID-19 is expected to have a significant impact on the global economy caused by the acute shortage of key supplies from China for the next couple of quarters, and the outbreak may have an adverse impact on the Group’s business operations and consequently have an adverse effect on the Group’s financial condition and operating results. The Proposed Acquisition is part of the Company’s plans in exploring potential and suitable acquisitions, joint ventures and strategic alliances, which generate sustainable revenue streams for the Group and represent a strategic diversification strategy for the Group towards improving its financial performance and position over a longer term, to improve shareholders’ value.
- (b) The Proposed Acquisition allows the Company to diversify into the Healthcare Business and the E-commerce Business, to gain access to new markets, customers and business opportunities in the healthcare and wellness industry. It also presents an opportunity for the Group to acquire a controlling stake in the Target which will enable the Group to make its first foray into the healthcare and wellness industry. The successful venture into the healthcare and wellness industry will enhance the financial performance of the Group.

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- (c) In particular, with the coronavirus pandemic, preventive health has become important for families. Chronic diseases and weight gain are seen as risk factors for lowered immunity and these would have to be managed remotely beyond regular supply of prescription medication. The Proposed Acquisition would be an opportunity for the Group to address these concerns and increasing needs to supply prescribed medication remotely.
- (d) While riding on the expanding digital economy wave during the pandemic within the fast-growing trend of digital health space in South-East Asia over the last year, the Target has been working with research and development partners on self-branded health food and supplements segment to provide its members with increased products for preventive health. The Proposed Acquisition would enable the Group to expand its business beyond Singapore and into a wider region in South-East Asia.
- (e) The Proposed Acquisition would enable the Group to explore new business opportunity for pharmacy on virtual platforms in Asia.
- (f) The Proposed Acquisition enables the Company to diversify and expand into the growing digital ecosystem platform in pharmacy to focus on the healthcare industry with increased awareness and volume growth during the pandemic for digital healthcare and e-commerce. The Board is of the view that Singapore is an e-commerce and hub for regional digital economy in healthcare. The Company believes the Proposed Acquisition presents a good opportunity for the Group to diversify its business and strengthen its competitive advantage and provide a source of recurring income and value to the Group.
- (g) The Board is of the view that the business model of the Target is designed with clear revenue goals. As such, the Company believes that the Proposed Acquisition is in the interests of the Group and will enhance shareholders' value in the long term.

Accordingly, based on the abovementioned reasons, the Board is of the view that the Proposed Acquisition will bring value to Shareholders, and is of the view that the Proposed Acquisition is the best interest of the Company and its shareholders.

2.5 Consideration

2.5.1 Pursuant to the terms and conditions of the SPA, the Consideration of S\$4,250,000 shall be paid in the following manner:

- (a) S\$3,769,000 in cash to be paid to JPS by way of cashier's order, cheque, telegraphic transfer or such other payment method as the Company and JPS may agree in writing;
- (b) S\$481,000 by way of allotment and issuance of up to 13,000,000 Consideration Shares at the Issue Price of S\$0.037 per Consideration Share to the Vendors in the following manner:
 - (i) up to 9,916,562 Consideration Shares to JPS;
 - (ii) up to 1,340,625 Consideration Shares to FYJ; and
 - (iii) up to 1,742,813 Consideration Shares to YKN.

Please refer to Section 2.9 of the Circular for further information on the Issue Price.

2.5.2 The Consideration for the Sale Shares was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) an approximate 85% of S\$5.0 million ("**Agreed Initial Valuation**") (being the estimated value of the 100% equity interest of the Target);
- (b) the indicative Valuation which was in the range of S\$3.9 million to S\$5.2 million;

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- (c) prevailing economic conditions which had an impact on the Valuation; and
- (d) potential growth outlook of the Target, including several channel partnerships developed regionally by the Target.

2.6 Performance Bonus

2.6.1 Pursuant to the SPA, the Company has agreed to pay the Performance Bonus of up to S\$5,100,000 to the Vendors, upon JPS procuring the fulfilment by the Target of achieving a valuation of not less than S\$11,600,000 within 12 months from the Completion Date (“**Performance Target**”). A second valuation on the Target shall be called by JPS and conducted by a valuer appointed by the Company (“**Second Valuation**”).

2.6.2 The Performance Bonus was agreed based on discussions with JPS, wherein the Company was informed that the Target intends to expand its business into the Indonesia market within 12 months from the Completion Date. If such plans materialise, it is expected that the valuation of the Target may increase beyond the Agreed Initial Valuation and potentially achieve a valuation of S\$11,600,000. Accordingly, parties to the SPA agreed to factor in the Performance Bonus, to encourage the Target to carry out its plans to continue to grow its business, as such objective is in line with the Group’s plans to diversify into the Healthcare Business and E-commerce Business.

2.6.3 The Performance Bonus was derived based on the approximate 85% of S\$6.0 million (“**Agreed Additional Valuation**”) and is to be supported by the Second Valuation (with benchmark valuation of not less than S\$11,600,000) within 12 months from the Completion Date.

2.6.4 The payment of the Performance Bonus shall be subject to the following conditions (“**Performance Conditions**”):

- (i) in the event that the upper limit of the Second Valuation is not less than S\$11,600,000, the Performance Bonus shall be S\$5,100,000 to be paid to the Vendors, on a *pro rata* basis, in accordance with the allocation of Performance Bonus payable to JPS, FYJ and YKN. For the avoidance of doubt, the Company shall have the sole discretion to determine the proportion of Performance Bonus to be paid in cash and in the form of Performance Shares to each Vendor as long as the aggregate total cash to be paid and the Performance Shares to be allotted and issued are within the total maximum limits of the Performance Bonus (being S\$5,100,000) regardless of the allocation of cash and the number of Performance Shares to each Vendor; and
- (ii) In the event that the upper limit of the Second Valuation is less than S\$11,600,000, the Performance Bonus shall be adjusted accordingly based on the formula set out below (the “**Formula**”), to be paid to the Vendors, on a *pro rata* basis, in accordance with the allocation of Performance Bonus payable to JPS, FYJ and YKN. For the avoidance of doubt, the Company shall have the sole discretion to determine the proportion of Performance Bonus to be paid in cash and in the form of Performance Shares to each Vendor.

[(95% of the upper limit of the Second Valuation) x (85%)] – S\$4,250,000

2.6.5 The Formula is based on commercial decision and negotiation with the Vendors, as well as the Target achieving a higher valuation subsequent to Completion Date. The rationale for adopting the Formula is so that the Performance Bonus is being paid in accordance with the performance of the Target within 12 months from the Completion Date on the premise that there is an increase in the valuation of the Target from the Agreed Initial Valuation.

2.6.6 Based on the Formula, the value of Performance Bonus will be nil if the Second Valuation is S\$5,263,158 or lower. For the avoidance of doubt, if the Second Valuation remains the same as the Agreed Initial Valuation of S\$5,000,000, there will be no Performance Bonus to be paid by the Company to the Vendors.

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2.6.7 In the event that the Formula is a negative number, there will be no “claw-back” of the “shortfall” from the Vendors. The terms and conditions of the SPA have been negotiated and agreed upon among the Company and the Vendors, and the Board is of the view that the Proposed Acquisition is in the best interest of the Company and its shareholders, having considered among other things that the Consideration is derived based on, *inter alia*, the Valuation conducted on the Target as at 31 March 2021, while the Performance Bonus is subject to the Target achieving a higher valuation within 12 months from the Completion Date.

2.6.8 The payment of the Performance Bonus to the Vendors, subject to the Performance Conditions, shall be in the following manner:

- (a) up to S\$4,360,000 in cash to be paid to JPS by way of cashier’s order, cheque, telegraphic transfer or such other payment method as the Company and JPS may agree in writing; and
- (b) up to S\$740,000 by way of allotment and issuance of up to 20,000,000 Performance Shares to the Vendors at the Issue Price per Performance Share of S\$0.037 in the following manner:
 - (i) up to 16,305,406 Performance Shares to JPS;
 - (ii) up to 1,606,345 Performance Shares to FYJ; and
 - (iii) up to 2,088,249 Performance Shares to YKN.

2.7 Principal Terms of the SPA

2.7.1 According to the SPA:

- (a) The obligations of the Company and the Vendors (collectively, the “**Parties**”, and each a “**Party**”) are conditional upon, and completion shall not take place until, all of the following conditions have been fulfilled on or prior to the Completion Date (“**Conditions Precedent**”):
 - (i) JPS obtaining such approvals from the board of directors and/or shareholders of the Target in connection with the SPA and the transactions contemplated therein as may be necessary;
 - (ii) the Company obtaining approval(s) from its board of directors and/or shareholders in connection with the SPA and the transactions contemplated therein as may be necessary;
 - (iii) the Company obtaining such approval from the SGX-ST for the listing and quotation of the Consideration Shares and such approval not having been amended or revoked before the Completion Date;
 - (iv) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the Completion Date, and at all times between the date of the SPA and completion of the SPA;
 - (v) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by JPS of all issues and/or irregularities uncovered by the Company and/or its professional advisers during their due diligence carried out on the Target which are capable of rectification, unless waived by the Company in its absolute discretion;
 - (vi) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of the Target between the date of the SPA and the Completion Date; and

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- (vii) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Sale Shares conferred on any person under the constitution of the Target or otherwise, if necessary) having been obtained by JPS and/or the Target (as the case may be), and such consents, approvals and waivers not having been amended or revoked before Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the Completion Date.
- (b) If any of the Conditions Precedent are not fulfilled by any Party on or before the Completion Date and such non-fulfilment is not waived by the other Party, the SPA shall *ipso facto* cease, lapse and determine. In that event, the Parties shall be released and discharged from their respective obligations under the SPA, other than the provisions of the SPA which survive the termination of the SPA and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise under the SPA, save for any claim by any Party against the other Parties in respect of any antecedent breach of the SPA.
- (c) JPS shall procure that the medical director licencing the medical clinic of the Target as at the date of the SPA will remain under the employment of the Target for a period of three (3) years from the Completion Date.
- (d) The SPA shall be governed and construed in accordance with the laws of Singapore.

2.8 Information on the Arranger and the Arranger Fee Agreement

- 2.8.1 JPS was introduced to the Company by Ms. Tan Ker Sin, the Arranger. As confirmed by the Arranger, the Arranger knew JPS through business associates. The Arranger is a Singapore Citizen and a private investor previously working in the oil and gas industry.
- 2.8.2 The Arranger knew the Company through Hong Shieh Yung Travis (“**Travis**”), a Singapore Citizen and a business development manager in the commodities industry. Travis knew the Company through a business associate.
- 2.8.3 The Arranger has confirmed that she is an independent third party and is not related to the Company, the Directors or controlling shareholders of the Company or any of their respective associates.
- 2.8.4 The Company had, on 7 June 2021, entered into an Arranger Fee Agreement with the Arranger. Pursuant to the Arranger Fee Agreement, the Arranger is responsible for co-ordinating and liaising with JPS and to ensure the successful completion of the Proposed Acquisition, and the Company agreed to pay the Arranger consideration for her services in the following manner:
 - (a) the Arranger Fee of S\$212,500 equivalent to 5% of S\$4,250,000 (being the Consideration), payable by way of allotment and issuance of 5,743,243 Arranger Shares at the Issue Price of \$0.037 per Arranger Share, upon completion of the Proposed Acquisition; and
 - (b) the Additional Arranger Fee of up to S\$255,000 equivalent to 5% of the actual Performance Bonus of up to S\$5,100,000, payable by way of the allotment and issuance of up to 6,891,892 Additional Arranger Shares at the Issue Price of \$0.037 per Additional Arranger Share, upon fulfilment of the Performance Condition.

Please refer to Section 2.15 of this Circular for information on the shareholding interest of the Arranger on completion of the Proposed Acquisition.

- 2.8.5 Taking into consideration the work done and commercial rates, the Board is of the view that the Arranger Fee and the Additional Arranger Fee is reasonable and commensurate to the services provided by the Arranger.

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2.9 Issue Price for the New Shares

- 2.9.1 Pursuant to the SPA and the Arranger Fee Agreement, the Issue Price of each of the Consideration Shares, the Performance Shares, the Arranger Shares and the Additional Arranger Shares are to be determined based on the higher of (i) S\$0.037 (“**Minimum Issue Price**”), and (ii) the VWAP per share of the Company for the full trading day prior to the date of the SPA and the Arranger Fee Agreement, respectively.
- 2.9.2 The VWAP per Share for the full day prior to the date of the SPA and the Arranger Fee Agreement (being, 4 June 2021) was S\$0.0364, which is lower than the Minimum Issue Price. Accordingly, the Issue Price for the New Shares was determined to be S\$0.037.
- 2.9.3 The Issue Price represents a discount of approximately 44.78% to the VWAP of S\$0.067 per Share for trades done on the Catalist of the SGX-ST on 7 June 2021 (being the last trading day of the Shares on Catalist prior to the signing of the SPA).
- 2.9.4 The Company had engaged in ongoing negotiations with the Vendors for more than 3 months, prior to the execution of the SPA in the evening of 7 June 2021. The Issue Price was determined with reference to, and taking into consideration, the following:
- (i) the NAV of the Group of approximately S\$15,331,000 as at 31 December 2020 (based on the audited financial statements of the Company for FY2020) and the NAV per Share of approximately S\$0.041 (where the Issue Price represents a 9.8% discount to the Group’s NAV per Share);
 - (ii) the existing issued and paid-up share capital of the Company of 400,574,026 Shares as at the date of the SPA; and
 - (iii) the historical traded prices of the Company’s shares on the Catalist and the daily trading range of the Company’s shares at or around the time negotiations took place for the Proposed Acquisition and prior to 7 June 2021.
- 2.9.5 In the past 12 months prior to 7 June 2021, the Company’s share price traded and closed below S\$0.039 in the following manner:

Past one month from 7 May 2021 to 4 June 2021	:	S\$0.030 to S\$0.037
Past three months from 8 March 2021 to 4 June 2021	:	S\$0.022 to S\$0.038
Past six months from 4 December 2020 to 4 June 2021	:	S\$0.022 to S\$0.038
Past 12 months from 5 June 2020 to 4 June 2021	:	S\$0.021 to S\$0.038

The Board noted the unusual trading activities of the Company’s shares on 7 June 2021, and the Company made a holding announcement on the same date. It was not the intention of the Company for the New Shares to be issued at a discount of 44.78%. The steep discount was only a result of the unusual movement in the Company’s share price on 7 June 2021 where the VWAP was S\$0.067, as compared to the VWAP on 4 June 2021 which was S\$0.0364.

In fact, the Issue Price of S\$0.037 represented a 7.9% premium of the VWAP of S\$0.0343 for the past one month prior to the date of the SPA (from 7 May 2021 to 4 June 2021). In the events leading up to the SPA before 7 July 2021, it was mutually agreed between the Company and the Vendors that the Issue Price be fixed at S\$0.037, without the benefit of knowing share price of the Company subsequently on 7 June 2021.

For the above reasons, the Board is of the view that the Issue Price of S\$0.037 is in the interests of the Company and its shareholders.

- 2.9.6 The Company is seeking Shareholders’ approval for the allotment and issuance of the New Shares pursuant to Rule 805(1) of the Catalist Rules, being one of the subjects of this EGM (as Ordinary Resolution 1).

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2.10 Relative figures computed on the bases set out in Rule 1006 of the Catalyst Rules

2.10.1 The relative figures computed for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules and the latest audited consolidated financial statements of the Group for FY2020 are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not Applicable ⁽¹⁾
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss.	5.53% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	65.03% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	8.24% ⁽⁴⁾
(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalyst Rules is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Catalyst Rules, "net profit" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The relative figure under Rule 1006(b) of the Catalyst Rules is computed based on (i) the Group's net loss for FY2020 of approximately S\$1,935,000, and (ii) the Target's unaudited net loss for the period from 26 June 2020 (date of incorporation) to 31 December 2020 where net loss attributable to the Sale Shares was approximately S\$106,630.
- (3) Pursuant to Rule 1003(3) of the Catalyst Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares, or the NAV represented by such shares, whichever is higher.

As the NAV per Share of S\$0.041 is higher than the market value of each Share of S\$0.0364 (based on VWAP of Shares transacted on 4 June 2021, being the market day preceding the date of the SPA, in accordance with Rule 1002(4) of the Catalyst Rules), the value of consideration shall be determined based on NAV per Share of S\$0.041. Accordingly, the aggregate consideration for the Proposed Acquisition used for the computation under Rule 1006(c) of the Catalyst Rules is S\$9,482,000 (comprising (i) the cash payment of S\$3,769,000 (in respect of the Consideration) and S\$4,360,000 (in respect of the Performance Bonus); and (ii) the equity portion of S\$1,353,000 (being the maximum of 13,000,000 Consideration Shares and 20,000,000 Performance Shares, multiplied by the NAV of S\$0.041 per Share). The Company's market capitalisation of approximately S\$14,580,895, computed based on the issued share capital of the Company as at the date of the announcement of the Proposed Acquisition on 8 June 2021 of 400,574,026 Shares and the VWAP of S\$0.0364 per Share based on shares transacted on 4 June 2021, being the full trading day preceding the date of the SPA.

- (4) Computed based on (i) an aggregate of 33,000,000 Shares to be issued (which consists of 13,000,000 Consideration Shares and 20,000,000 Performance Shares (on the assumption that the Target fulfilled the Performance Conditions by achieving the upper limit of the Second Valuation)), and (ii) the Company's issued Shares of 400,574,026 as at 8 June 2021 (being the date of the announcement of the Proposed Acquisition).
- (5) Rule 1006(e) of the Catalyst Rules is not applicable as the Company is not a mineral, oil and gas company.

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2.10.2 As each of the relative figures computed under Rules 1006(b), (c) and (d) of the Catalyst Rules exceeds 5% but is less than 75%, the Proposed Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Catalyst Rules. Notwithstanding that the Proposed Acquisition constitutes a discloseable transaction and is not subject to Shareholders’ approval under the Catalyst Rules, the Company is seeking Shareholders’ approval for the Proposed Acquisition as a “major transaction” under Rule 1014 of the Catalyst Rules, given that it is the Group’s first foray into the Healthcare Business and the E-Commerce Business.

2.11 Financial Effects of the Proposed Acquisition

2.11.1 The financial effects of the Proposed Acquisition are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Acquisition.

2.11.2 The financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2020 and the latest management accounts of the Target for the period from 26 June 2020 (being the date of incorporation) to 30 April 2021, as well as on the following bases and key assumptions:

- (a) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2020 which includes the (i) satisfaction of the Performance Conditions by JPS and the Performance Bonus of S\$5,100,000 is paid to the fullest extent (which comprise the payment of up to S\$4,360,000 in cash and up to S\$740,000 by way of allotment and issuance of the Performance Shares); (ii) the payment of the Arranger Fees of S\$212,500 by allotment and issuance of Arranger Shares; and (iii) the payment of the Additional Arranger Fees of up to S\$255,000 by allotment and issuance of the Additional Arranger Shares;
- (b) the financial effects on the LPS of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2020 which includes the (i) satisfaction of the Performance Conditions by JPS and the Performance Bonus of S\$5,100,000 is paid to the fullest extent (which comprise the payment of up to S\$4,360,000 in cash and up to S\$740,000 by way of allotment and issuance of the Performance Shares); (ii) the payment of the Arranger Fees of S\$212,500 by allotment and issuance of Arranger Shares; and (iii) the payment of the Additional Arranger Fees of S\$255,000 by allotment and issuance of the Additional Arranger Shares;
- (c) the Company’s allotment and issuance of 26,455,026 placement shares to certain placees completed on 20 April 2021 has been assumed to be completed as at 31 December 2020;
- (d) for the avoidance of doubt, the Company’s allotment and issuance of 2,897,500 new ordinary shares in the capital of the Company on 16 June 2021 pursuant to the exercise of options granted under the MCE Share Option Scheme 2014, have been disregarded; and
- (e) expenses incurred to be incurred in connection with the Proposed Acquisition are expected to be approximately S\$600,000. For the avoidance of doubt, such expenses included the Arranger Fee and the Additional Arranger Fee of an aggregate sum of up to S\$467,500 (assuming satisfaction of the Performance Conditions by JPS and the Performance Bonus of S\$5,100,000 is paid to the fullest extent).

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2.11.3 Share Capital

	Before the Proposed Acquisition	After the Proposed Acquisition
Issued and paid-up share capital of the Company (S\$'000)	22,409	24,507
Total number of Shares ('000)	400,574,026	446,209,161

2.11.4 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 December 2020 (S\$'000)	16,101	7,797
Total number of Shares ('000)	400,574,026	446,209,161
NTA per Share (Singapore cents)	4.02	1.75

2.11.5 LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to shareholders (S\$'000)	1,960	2,670
Weighted average number of Shares ('000)	400,574,026	446,209,161
LPS (Singapore cents)	0.49	0.60

2.11.6 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

2.12 Approvals for listing and quotation of shares

The Company will be applying to the SGX-ST for listing and quotation of the New Shares on Catalist (and subject to the approval of the Company's shareholders on the Proposed Acquisition) and will make the necessary announcements once the approval has been obtained from the SGX-ST.

2.13 Service Contracts in connection with the Proposed Acquisition

No person is proposed to be appointed as a director of the Company in connection with the SPA and the Arranger Fee Agreement and no service contracts in relation thereto is proposed to be entered into by the Company.

As the Proposed Diversification is in the preliminary stage, the Company does not intend to appoint any new director(s) to its current Board. The Company may appoint a director on the Board with medical expertise as the new business grows.

2.14 Confirmation by the Company

The Company confirms that the Proposed Acquisition does not contravene any laws and regulations governing the Company and the Constitution of the Company.

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2.15 Rule 803 of the Catalist Rules Confirmation

The Company confirms that the issuance of the New Shares, comprising the Consideration Shares, the Performance Shares, the Arranger Shares and the Additional Arranger Shares does not result in a transfer of controlling interest of the Company to any of JPS, FYJ, YKN or the Arranger. Please see details of the shareholdings of each of the Vendors and the Arranger as set out in the table below:

	JPS	FYJ	YKN	Arranger
No. of Consideration Shares to be issued	9,916,562	1,340,625	1,742,813	Nil
No. of Performance Shares to be issued	16,305,406	1,606,345	2,088,249	Nil
No. of Arranger Shares	Nil	Nil	Nil	5,743,243
No. of Additional Arranger Shares	Nil	Nil	Nil	6,891,892
Shares held, as a % of the enlarged share capital of the Company on completion of the Proposed Acquisition	5.84%	0.66%	0.85%	2.81%

3. THE PROPOSED DIVERSIFICATION

3.1 Introduction

3.1.1 Upon completion of the acquisition of the Sale Shares, the Target will become a subsidiary of the Company and the business of the Target will form part of the business of the Group. It is envisaged that the Proposed Acquisition would change the existing risk profile of the Group and pursuant to Practice Note 10A of the Catalist Rules, Shareholders' approval is required.

3.2 Background Information

3.2.1 Existing Business of the Group

The Group's existing business is in providing services in designing, prototyping, tool and die fabrication (soft tools, hard tools and hybrid solutions), precision stamping production, surface finishing to value-added assembly (the "**Existing Business**"). The Existing Business also extends to providing electromechanical assembly solutions, ranging from welding to mechanical structure integration, and supply chain management capabilities.

As part of the Board's ongoing strategic corporate strategy to better position the Group to achieve long-term sustainable growth across diverse economic conditions, the Company is and has been seeking and exploring opportunities in other businesses with good prospects for growth in the long run, and to adopt a diversification approach in its long-term growth strategy, with the priority of broadening the Group's revenue streams so as to sustain and enhance Shareholders' value and returns.

The Group is proposing to carry on operating in its Existing Business and at the same time expand the scope of its Existing Business through the Proposed Diversification.

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3.3 Scope of the Healthcare Business and the E-Commerce Business

3.3.1 In connection with the Proposed Acquisition, the Company intends to undertake the Proposed Diversification to expand its existing scope of business to include the following:

- (a) Healthcare Business which would include the business of developing, training, distributing (via retail, direct selling, network marketing or e-commerce) healthcare products and/or services and including but not limited to (a) general health and wellness; (b) homecare nursing and carer support; (c) supply of medication for chronic diseases; (d) direct to home and consumer personalised care; and (e) training on home based medical procedures; and
- (b) E-Commerce Business which would include online self-branded e-commerce portals and growth stage digital ecosystem platform and including but not limited to (a) operating of technology and digital payment applications that enable digital and mobile payments; (b) identify and invest in or build (whether through expertise in the Group and/or suitably qualified external personnel) proven business models relating to e-commerce or the internet of things and seek to scale them into market leading online companies.

“E-commerce” relates to a transaction of buying or selling online and it draws on technologies such as mobile commerce, electronic funds transfer, internet marketing, online transaction processing and electronic data interchange. The internet of things is the network of physical devices, vehicles, home appliances or other items embedded with electronics, software, sensors, and connectivity which enables these objects to connect and exchange data.

3.3.2 The Healthcare Business and the E-Commerce Business will not be restricted to any particular business sector, industry or geographical area but the Company will consider any business sector, industry or country that presents growth opportunities for the Group.

3.4 Rationale for the Proposed Diversification of the Group’s Business into the Healthcare Business

The Group has consistently sought to improve Shareholders’ long-term return. As part of the Group’s strategy to broaden its stream of revenue and income, the Group intends to pursue the Proposed Diversification for the following reasons:

3.4.1 The Proposed Diversification would enable the Group to have a wider network of contacts and business opportunities

The Board believes that the Proposed Diversification represents an opportunity to explore, evaluate and establish new and profitable business segments for the Group, and exponentially increasing the Group’s network of contacts. The diversification of the Group’s business into the Healthcare Business and E-commerce Business is one of the Group’s strategies to diversify and expand its revenue streams by tapping into the growing healthcare and wellness industry and the growing demands in e-commerce as part of its future business direction.

3.4.2 The Proposed Diversification would provide the Group with a diversity of business and income base, and reduced reliance on the Group’s existing business

The Proposed Diversification will be beneficial to the Group’s efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group’s existing business. The Proposed Diversification into the Healthcare Business and E-commerce Business may provide the Group with a more diversified business and income base for future growth. The Board also believes that the Proposed Diversification creates the opportunity for geographical diversification. The Group intends to explore business opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of the current global economic outlook.

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3.4.3 The Proposed Diversification would provide flexibility to enter into transactions relating to the Healthcare Business and the E-commerce Business

The principal object of the Target is to operate an integrated online to offline healthcare and wellness ecosystem across the region. Upon completion of the Proposed Acquisition, the Target will become a subsidiary of the Company and the business of the Target will form part of the business of the Group.

Upon the approval by Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the Healthcare Business and E-commerce Business without having to seek Shareholders' approval. The Proposed Diversification would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the Healthcare Business and E-commerce Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

3.5 Requirements under the Catalist Rules

3.5.1 In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

3.5.2 Notwithstanding that the Proposed Acquisition constitutes a discloseable transaction and is not subject to Shareholders' approval under the Catalist Rules, the Company is seeking Shareholders' approval of the Proposed Acquisition given that it is the Group's first foray into the Healthcare Business and the E-Commerce Business. Accordingly, upon Shareholders' approval of the Proposed Acquisition and the Proposed Diversification, future transactions entered into in connection with the Healthcare Business and the E-Commerce Business may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Healthcare Business and the E-Commerce Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Healthcare Business and the E-Commerce Business arise.

3.5.3 For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (a) which fall within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010 and 1014 of the Catalist Rules will still apply;
- (b) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;
- (c) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules; and

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- (d) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

3.5.4 Rule 1005 of the Catalist Rules states that “the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions”.

3.6 Vehicle for the Proposed Diversification of the Group’s Business into the Healthcare Business and the E-Commerce Business

The Company intends to diversify into the Healthcare Business and the E-Commerce Business through the Proposed Acquisition. Upon completion of the Proposed Acquisition, the Target will become a subsidiary of the Company and will be used as the vehicle to engage in the Healthcare Business and the E-Commerce Business.

As the Company intends to diversify into the Healthcare Business and E-Commerce Business through its wholly-owned subsidiary, Metal Precision Services Pte. Ltd., the Company may acquire the Sale Shares through Metal Precision Services Pte. Ltd.. As the Company’s plan is not definitive at the moment, the Company will keep the Shareholders updated in this regard.

3.7 Management of the Healthcare Business and the E-Commerce Business

The Healthcare Business and the E-Commerce Business will be overseen and spearheaded by Mr Chua, the Chairman and Chief Executive Officer of the Company. According to the terms of the SPA, Mr Chua shall be nominated by the Company to be appointed to the board of the Target to assist and oversee its operations.

As the Healthcare Business and the E-Commerce Business expands and the Board identifies new business opportunities and/or acquisition targets, the Group will, where necessary, employ new employees and engage key healthcare professionals with the relevant expertise and experience to manage, support and assist with the Healthcare Business and the E-Commerce Business. Additionally, the Board and management of the Company will, where necessary, seek the advice of reputable external consultants and experts and work closely with local industry experts and professionals to ensure that the Company is able to comply with the relevant laws and understand the operating landscape in the jurisdictions in which the Healthcare Business and the E-Commerce Business will operate in.

Following the completion of the Proposed Acquisition, the day-to-day operations of the Target will continue to be managed by its current management which includes, among other people, JPS, currently a director of the Target. The Target has a management team equipped with the relevant expertise to manage the Healthcare Business and E-Commerce Business comprising a regional manager experienced in wholesale pharmaceutical distribution (12 years), a digital marketing director with prior healthcare industry experience (12 years), and 3 doctors licenced in Singapore with prior online healthcare services experience. Further, one of the Conditions Precedent is that JPS shall procure that the medical director licencing the medical clinic of the Target as at the date of the SPA will remain under the employment of the Target for a period of three (3) years from the Completion Date.

The Group may also collaborate with external consultants and/or advisers for the Healthcare Business. These collaborations may be done on a profit-sharing basis or on such other terms acceptable to the Group.

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The Group may also explore joint ventures, partnerships and/or strategic alliances with third parties (including interested persons) who have the relevant expertise and resources to carry out the Healthcare Business and the E-commerce Business as and when opportunities arise. Such alliances may be carried out on a case-by-case basis and in selecting its strategic partners, the following factors will be taken into account: (a) the specific expertise and competencies necessary for the projects or deals in question and the experience; (b) track record; and (c) financial standing of the party and/or parties concerned. In the event that the Group proposes to enter into a joint venture, partnership or strategic alliance with an interested person (as defined under the Catalyst Rules), the Company will comply with the relevant provisions of Chapter 9 of the Catalyst Rules.

As the Company's plan is not definitive at the moment, the Company will update Shareholders as and when there are material developments.

As the Proposed Diversification is in the preliminary stage, the Company does not intend to appoint any new director(s) to its current Board. The Company may appoint a director on the Board with medical expertise as the new business grows.

3.8 Funding for the Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business

The costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be funded through the Group's internal resources.

The Company intends to explore the Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business organically as well as through non-organic ways such as potential acquisitions, joint ventures or strategic alliances with parties which are experienced in the business and may require significant cash outlay. The Company intends to fund the Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business through a combination of internal sources of funds and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may develop secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

3.9 Risk Factors in relation to the Proposed Diversification into the Healthcare Business

The Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be material. To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Healthcare Business and the E-Commerce Business, this may have a material and adverse impact on the Healthcare Business and the E-Commerce Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the Healthcare Business and the E-Commerce Business or the extent to which any factor, or combination of factors, may affect the Healthcare Business and the E-Commerce Business. There may also be other risks associated with the Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business, which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

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3.9.1 General Risk Factors Associated with the Proposed Diversification of the Group's Business into the Healthcare Business and the E-Commerce Business

The Group's performance in the Healthcare Business and the E-Commerce Business will be subject to exposure to macro-economic risks

The Healthcare Business and the E-Commerce Business can be affected by many factors which are beyond the Group's control. Any of the following factors may cause disruptions in the markets in which the Group operates:

- (a) legal and regulatory changes;
- (b) government policies;
- (c) economic and political conditions;
- (d) the level and volatility of liquidity and risk aversion;
- (e) concerns about natural disasters, terrorism and war;
- (f) the level and volatility of equity, debt, property, commodity and other financial markets;
- (g) the level and volatility of interest rates and foreign currency exchange rates; and
- (h) concerns over inflation.

Any of the above-mentioned factors could adversely impact the performance of the Healthcare Business and the E-Commerce Business, which in turn may affect the Group's revenue, results of operations and/or financial condition.

The Group has no prior track record and operating history in the Healthcare Business and the E-Commerce Business

The Group does not have a significant proven track record in the Healthcare Business and the E-Commerce Business and there is no guarantee that the Healthcare Business and the E-Commerce Business and the activities thereunder will be commercially successful, or that the Group will be capable of deriving sufficient revenue from the Healthcare Business and the E-Commerce Business to offset the capital and start-up costs involved.

Further, the success of the Group's Healthcare Business and the E-Commerce Business is dependent on the Group's ability and expertise to navigate the challenges posed by the healthcare and wellness industry, the e-commerce industry and to adapt its existing knowledge and resources accordingly. There is no guarantee that the Group's existing knowledge and experience will be sufficient or that the Group will be able to attract and retain suitable candidates with the appropriate qualifications and experience. While the Group may appoint third-party professionals and consultants to assist in its management of the Healthcare Business and the E-Commerce Business, there is no guarantee that these third-party professionals and/or consultants will be able to deliver or perform satisfactorily.

The Group may not be successful in implementing its strategies

The Group's expansion strategy into the Healthcare Business and the E-Commerce Business will include a number of risks. Such risks include the risk that the expected results may not materialise, the new strategies may conflict, detract from or compete against its existing businesses, or the processes, controls and procedures that the Group develop will prove insufficient or inadequate, among other risks. If the Group is not successful in implementing its expansion strategies and ensuring that all the businesses of the Group do not adversely affect one another, there may be a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

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The Group's success in carrying out the Healthcare Business and the E-Commerce Business depends on the Group's ability to attract highly skilled personnel

The Group's success to carry out the Healthcare Business and the E-Commerce Business will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the Healthcare Business and the E-Commerce Business. If the Group is unable to attract, retain and/or motivate the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentives, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the financial condition of the Group.

The Group may not be successful in applying for and maintaining the requisite registrations and/or licences

The Healthcare Business and the E-Commerce Business may be subject to governmental regulations and rules by the relevant authorities. Some of these include the requirement to apply for and obtain certain registrations, licences and approvals, as well as fulfilling all continuing obligations in connection with such registrations, licences and approvals. There can be no assurance that the Group will be successful in applying for and obtaining the requisite registrations, licences and approvals, or that the Group will be able to maintain and/or renew these licences. Failure to obtain and/or renew registrations, licences and approvals when necessary may delay the commencement of, or prevent revenue growth in the Healthcare Business and the E-Commerce Business, which may materially and adversely affect the results of operations or financial position of the Group.

The Group may be affected by the actions of its employees and/or the professionals it engages

Whilst the Group intends to put in place internal policies and risk management guidelines, such precautions may not be effective in all cases. It may not always be possible to detect employee misconduct. Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation. This may materially and adversely affect the Group's business operations and financial performance. In addition, the laws, rules and regulations applicable to the professionals engaged by the Group may also impose restrictions and/or penalties on the Group in the event such laws, rules or regulations are breached, or alleged to be breached by the professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

The success of the Healthcare Business and the E-Commerce Business is heavily dependent on the Group's reputation. Any adverse publicity could have an adverse effect on the Group's business and financial performance

The success of the Healthcare Business and the E-Commerce Business will rely heavily on the market's perception of the Group. This arises from the nature of the Healthcare Business, wherein integrity (and the perception thereof), trust and confidence (from clients and counterparties) are extremely crucial. Negative publicity or adverse reputational events (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Therefore, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

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The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses in respect of its properties and certain eventualities arising from the Group's business operations, the insurance obtained may not be sufficient to cover all potential losses, including losses arising from risks which are generally not insurable. These include losses arising from acts of God, earthquakes, war, civil disorder and acts of terrorism. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured may affect the Group's profitability. Committing additional costs to the relevant project for its completion in the event there are uninsured damages may also adversely affect the financial performance of the Group.

The Group may be exposed to foreign exchange risk

The Group's reporting currency is in Singapore Dollars, whilst it is anticipated that the currencies used in the operations of the Healthcare Business and the E-Commerce Business may span a wide range of currencies. Upon consolidation, the financial statements of the Healthcare Business and the E-Commerce Business will be translated into Singapore Dollars at the exchange rate in effect at the balance sheet date. All profit and loss accounts are translated using the average exchange rates for the period. Accordingly, the Group will have translation foreign exchange exposure.

In addition, to the extent that the Group's revenue and operating expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection, the Group is also exposed to transactional foreign exchange exposure. Accordingly, any significant currency fluctuations will have a material impact on the Group's financial performance.

The Group will be dependent on certain key personnel for the success of the Healthcare Business and the E-Commerce Business

The Group's success in the Healthcare Business and the E-Commerce Business will be highly reliant on the contributions and expertise of JPS and the management of the Target. The success and growth in the Healthcare Business and the E-Commerce Business will also depend, to a large extent, on the Group's ability to retain and motivate other key management personnel in the business. The loss of service of JPS and the key management personnel of the Target without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our prospects, operations and financial performance.

The Group's business operations may be disrupted if the Group's key external service providers and key vendors fail to fulfil their service obligations

Many aspects of the Healthcare Business and the E-Commerce Business would depend on a combination of internal resources and external service providers and vendors. Such external services include network and software engineering, IT security, data centres, hardware maintenance, hardware and software leasing and data storage. Although the Group will implement service-level agreements and establish monitoring controls, the Group's operations could be disrupted if relationships with service providers and vendors are not successfully managed, the service providers and vendors do not perform or are unable to perform agreed-upon service levels, or if the service providers and vendors are unwilling to make their services available to the Group at reasonable prices. If the service providers and vendors do not perform their service obligations, it could adversely affect the Group's reputation, business, financial condition and results of operations.

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The Group relies on information systems to conduct its Healthcare Business and the E-Commerce Business and failure to protect these systems against security breaches, resulting in these systems failing or becoming unavailable for any significant period of time, could adversely affect the Healthcare Business and the E-Commerce Business and results of operations

The efficient operation of the Healthcare Business and the E-Commerce Business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The Group relies on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on its information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt the Healthcare Business and the E-Commerce Business and could result in decreased performance and increased operating costs, thereby adversely affecting the Healthcare Business and the E-Commerce Business and results of operations.

The Group may face competition from existing competitors and new market entrants in the Healthcare Business and the E-Commerce Business

The Healthcare Business and the E-Commerce Business is competitive, with strong competition from established industry participants as well as new entrants. Some of these competitors may possess longer operating histories, significantly greater financial, technical and marketing resources and larger teams of technical and professional staff than the Group. There is no assurance that the Group will be able to compete effectively with existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, the Group's business operations, financial performance and financial condition may be adversely affected.

The Group may be exposed to additional regulations and litigation

The Healthcare Business and the E-Commerce Business may be subject to a complex legal and regulatory environment. Licensing and ethical requirements may apply in the context of the Healthcare Business and the E-Commerce Business. In addition, certain duties may be owed to counterparties or third parties in the context of the Healthcare Business and the E-Commerce Business. Any litigation brought against the Group in the future in relation to the Healthcare Business and the E-Commerce Business could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial performance.

The Group may face force majeure and other events beyond the control of the Group

In addition to the general macroeconomic conditions and business environment of various jurisdictions and sectors that may affect the Healthcare Business and the E-Commerce Business, diverse factors such as natural disasters, epidemics, pandemics or acts of terrorism and international disputes that affect economic and business conditions may disrupt the operations of the Healthcare Business and the E-Commerce Business. Consequently, the costs of operations, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

3.9.2 Specific Risk Factors Associated with the Healthcare Business

The risk factors discussed below pertain to additional risk factors arising from the Healthcare Business. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the diversification into the Healthcare Business or the extent to which any factor, or combination of factors, may affect the Healthcare Business. There may also be other risks associated with the entry into the Healthcare Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have

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not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

The Group may be exposed to changing healthcare and wellness trends within the industry

The healthcare and wellness industry requires the Group to closely monitor the trends in the market and the needs of the consumers, which may require the introduction of new products, technologies, devices, solutions, service categories and treatment procedures to enhance existing services and procedures. There is a need to ensure that the Group is accessing the latest technology quickly and cost-effectively responding to the consumers' changing needs.

The Group may be required to incur development and acquisition costs to keep pace with new technologies. Failure to identify, develop and introduce new products, solutions, service categories, features, enhancements and technologies in a timely and cost-effective basis may result in a decrease in demand for the services and the Group may not be able to compete effectively or attract consumers, which may materially and adversely affect its business and results of operations.

The Group may be subject to various regulations and licensing requirements within the healthcare and wellness industry

The healthcare and wellness industry is highly regulated. The Group's healthcare professionals are subject to laws and regulations governing, among others, the conduct of business operations, quality of facilities, equipment and services, qualifications of healthcare professionals, and confidentiality and use of health-related information and medical records.

Compliance with regulatory standards often requires significant time, money, resources and record-keeping and quality assurance efforts and will subject the Group and the third parties the Group works with from time to time to potential regulatory inspections. If the courts or regulatory authorities hold the Group to be in violation of any laws or regulations, including conditions in the permits, licences and accreditations required for the Group's operations, the Group may have to pay fines and/or be subject to other penalties, including the revocation of such permits and licences, modify, suspend or discontinue the Group's operations, incur additional operating costs or make capital expenditures.

Further, regulatory authorities may exercise broad discretion in varying or introducing new licensing requirements. Any changes to the existing laws and regulations may require the Group to apply for new approvals, licences and/or permits and there is no assurance that the Group will be able to obtain these new approvals, licences and/or permits. In the event that the Group is unable to obtain or renew the requisite approvals, licences and/or permits, or such approvals, licences and/or permits are withdrawn, the Group may be required by the relevant governmental agencies to cease operations in the Healthcare Business and the business, financial condition and results of operations of the Group may be adversely affected.

The Group may be required to comply with applicable safety, health, environmental and other governmental regulations that may be costly and may adversely affect the Group's competitive position and results of operations

The Group is subject to national and local laws, rules and regulations in the countries which it operates, governing, among other things:

- (i) the conduct of the Group's operations;
- (ii) additions to facilities and services;
- (iii) the adequacy of medical care;
- (iv) the quality of medical facilities, equipment and services;

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- (v) the purchase of medications and pharmaceutical drugs;
- (vi) the noise pollution, discharge of pollutants to air and water and handling and disposal of bio-medical, radioactive and other hazardous waste;
- (vii) the confidentiality, maintenance and security issues associated with health-related information and medical records; and
- (viii) the screening, stabilisation and transfer of patients who have emergency medical conditions.

The ownership and operation of the Target and other healthcare-related assets in the future carry an inherent risk of liability related to employee and customer health and safety, including the risk of government-imposed orders to address hygiene and contamination related concerns, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability.

Safety, health and environmental laws and regulations in the countries in which the Group operates are stringent and it is possible that they will become significantly more stringent in the future. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the Healthcare Business. The Group will incur significant capital and operating expenditures to comply with health and safety laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Group may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures.

As a consequence, no assurances can be given that additional workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or results in fines, penalties or other consequences (including changes to operations) material to its business and operations. If the Group is held to be in violation of such regulatory requirements, including conditions in the permits required for its operations, by courts or governmental agencies, it may have to pay fines, modify, suspend or discontinue its operations, incur additional operating costs or make capital expenditures. Any public interest or class action legal proceedings related to such safety, health or environmental matters could also result in the imposition of financial or other obligations on the Group. Any such costs may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Health epidemics and other outbreaks of contagious diseases, including avian flu, SARS, swine flu and COVID-19

The Group's business could be adversely affected by the effects of avian flu, SARS, swine flu, MERS, COVID-19 or another epidemic or outbreak. An outbreak of contagious diseases, and other adverse public health developments in the countries where the Group operates in, would have a material adverse effect on its business operations. These could include restrictions on the Group's ability to travel or to ship its supply or even cause a temporary closure of its business facilities in the future. Such closures or travel or shipment restrictions would severely disrupt the operations of the Healthcare Business and adversely affect the Group's financial condition and results of operations.

Compliance with applicable data protection obligations in relation to medical or personal data may be costly and adversely affect the Group's competitive position and results of operations

Regulations in the jurisdictions in which the Group operate require licenses of a private medical clinic or healthcare establishment to keep and maintain proper medical records. In this regard, such licensees are generally required to take all reasonable steps, including implementing such

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processes as are necessary, to ensure that such medical records are accurate, complete and up-to-date and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Any contravention of these laws and regulations may render the person committing the offence liable on conviction to a fine and/or imprisonment. Further, these laws, rules and regulations are subject to change. Compliance with new privacy and security laws, regulations and requirements may result in increased operating costs and may constrain or require the Group to alter its business model or operations which may in turn materially and adversely affect the Healthcare Business, results of operations and financial condition.

Although the Board believes that the Group is in compliance with applicable laws and regulations governing the use of clients' medical information, there is no assurance that there would not be data leakage or improper use of such information due to technology failures or lapses in Group controls over access to such information. Any breach of its confidentiality obligations could expose the Group to potential liabilities such as litigation or regulatory proceedings and may materially and adversely impact the Healthcare Business, results of operations and financial condition.

3.9.3 Specific Risk Factors Associated with the E-Commerce Business

The risk factors discussed below pertain to additional risk factors arising from the and the E-Commerce Business. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the diversification into the E-Commerce Business or the extent to which any factor, or combination of factors, may affect the E-Commerce Business. There may also be other risks associated with the entry into the E-Commerce Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

System interruptions and penetration of network security may adversely affect the operations of the E-Commerce Business and expose the Group to legal and financial liabilities

Success of the E-Commerce Business depends, in part, on the Group's ability to maintain the integrity of its systems and infrastructure, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in the Group's information systems and infrastructures may adversely affect its ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. The Group may experience occasional system interruptions that make some or all systems or data unavailable or prevent its businesses from efficiently providing services or fulfilling orders. The Group may also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in its systems and infrastructures, its businesses, its affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of the Group to provide services, fulfill orders and/or process transactions. While the Group may have backup systems for certain aspects of their operations, disaster recovery planning by its nature cannot be sufficient for all eventualities.

Network security issues could lead to claims against the Group for other misuse of personal information, such as for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Security breaches could also significantly damage the Group's reputation with consumers and third parties with whom it does business. The Group may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. The Group also faces risks associated with security breaches affecting third parties with which it is affiliated or otherwise conducts business online. Consumers are generally concerned with security

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and privacy of the internet, and any publicized security problems affecting the E-Commerce Business and/or those of third parties may discourage consumers from doing business with the Group, which could have an adverse effect on the Group's E-Commerce Business, financial condition and results of operations.

The Group's information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may be able to access the Group's customers' personal or proprietary information that are stored on or accessible through those systems. The Group's security measures may also be breached due to human error, malfeasance, system errors or vulnerabilities, or other irregularities. Any actual or perceived breach of the Group's security could interrupt its operations, result in its systems or services being unavailable, result in improper disclosure of data, materially harm its reputation and brands, result in significant legal and financial exposure, lead to loss of customer confidence in, or decreased use of, the Group's products and services, and adversely affect the E-Commerce Business and results of operations. In addition, any breaches of network or data security at the Group's customers, partners or vendors (including data center and cloud computing providers) could have similar negative effects. Actual or perceived vulnerabilities or data breaches may lead to claims against the Group which could have a material adverse effect on the E-Commerce Business, financial condition and results of operations.

Inability to keep pace with rapid technological developments to provide new and innovative products and services, could result in the use of the Group's products and services and, consequently, its revenues to decline

Rapid, significant, and disruptive technological changes continue to impact the E-Commerce Business, including developments in payment card tokenization, mobile, social commerce (i.e., e-commerce through social networks), authentication, virtual currencies, distributed ledger technologies, near field communication and other proximity payment devices, such as contactless payments. The Group cannot predict the effects of technological changes on the E-Commerce Business. In addition to the Group's own initiatives and innovations, the Group relies in part on third parties, including some of its competitors, for the development of and access to new technologies. The Group expects that new services and technologies applicable to the E-Commerce Business will continue to emerge and may be superior to, or render obsolete, the technologies the Group currently uses in its products and services. Developing and incorporating new technologies into the Group's products and services may require substantial expenditures, take considerable time, and ultimately may not be successful. In addition, the Group's ability to adopt new products and services and develop new technologies may be inhibited by industry-wide standards, payments networks, changes to laws and regulations, resistance to change from consumers or merchants, third-party intellectual property rights, or other factors. The success of the E-Commerce Business will depend on the ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards and any inability to do so in a timely or cost-effective manner could have a material adverse effect on the E-Commerce Business, financial condition and results of operations.

3.10 Risk Management Measures and Safeguards, Financial Results

The Board recognises the importance of internal control and risk assessment for the smooth running of the Healthcare Business and the E-Commerce Business. In order to better manage the Group's external and internal risks resulting from the Healthcare Business and the E-Commerce Business, the Group will implement a set of operations and compliance procedures.

The audit committee of the Company and the Board will:

- (a) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Healthcare Business and the E-Commerce Business; and

LETTER TO SHAREHOLDERS

- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

3.11 Disclosure of Financial Results of the Healthcare Business and the E-Commerce Business

The Company is proposing to diversify into the Healthcare Business and the E-Commerce Business as a separate business segments for accounting treatment purposes.

The Healthcare Business and the E-Commerce Business will be accounted for separately as a new business segments in the Group's financial statements in line with the International Financial Reporting Standards (International) and accordingly, the Group will disclose the financials results of the Healthcare Business and the E-Commerce Business with the Group's financial statements. The financial results of the Healthcare Business and the E-Commerce Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic announcements, the Group may provide segmented financial results relating to the Healthcare Business where appropriate or if required under any applicable accounting standards.

4. CONSENTS

4.1 Independent Valuer

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

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in the Shares (i) before completion of the Proposed Acquisition and as at the Latest Practicable Date; and (ii) after completion of the Proposed Acquisition, are set out below:

	Before the Proposed Acquisition					
	Direct Interest		Deemed interest		Total interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Chua Kheng Choon	27,737,666	6.87	6,735,000 ⁽²⁾	1.67	34,472,666	8.54
Koh Gim Hoe	-	-	-	-	-	-
Leow Siew Yon, Cynthia	-	-	-	-	-	-
Kelvin Lee Ming Hui	-	-	-	-	-	-
Substantial Shareholder(s) (other than Directors)						
Nil						

LETTER TO SHAREHOLDERS

	After the Proposed Acquisition					
	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Directors						
Chua Kheng Choon	27,737,666	6.18	6,735,000 ⁽²⁾	1.50	34,472,666	7.68
Koh Gim Hoe	-	-	-	-	-	-
Leow Siew Yon, Cynthia	-	-	-	-	-	-
Kelvin Lee Ming Hui	-	-	-	-	-	-

Substantial Shareholder(s) (other than Directors)

Nil

Notes:

- (1) Based on 403,471,526 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, as at the Latest Practicable Date.
- (2) Mr Chua Kheng Choon' is deemed interested in 6,735,000 Shares held in the name of his spouse.
- (3) Based on 449,106,661 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, as at the Latest Practicable Date and on the assumption that Consideration Shares, Performance Shares, Arranger Shares and Additional Arranger Shares have been fully allotted and issued on the Latest Practicable Date.

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

6. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, (a) the rationale for and information relating to the Proposed Acquisition as set out in Section 2.4 of this Circular; and (b) the terms of the SPA for the Proposed Acquisition, the Board is of the opinion that the Proposed Acquisition is in the best interests of the Company and Shareholders. Accordingly, the Board recommends that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Acquisition.

In addition, having considered, *inter alia*, the rationale for and information relating to the Proposed Diversification of the Group's Business into the Healthcare Business as set out in Section 3.4 of this Circular, the Board is of the opinion that the Proposed Diversification of the Group's Business into the Healthcare Business is in the best interests of the Company and Shareholders. Accordingly, the Board recommends that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Diversification of the Group's Business into the Healthcare Business at the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Diversification, 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.

LETTER TO SHAREHOLDERS

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held by way of electronic means on the date and at the time as set out in the Notice of EGM for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the aforementioned notice.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on Thursday, 8 July 2021 at 10 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the Notice of EGM.

9.2 Notice of EGM, Circular and Proxy Form

Printed copies of the Notice of EGM, this Circular and the Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, this Circular and the Proxy Form may be accessed at the Company's website at the URL <http://www.mce.com.sg/investors>. The Notice of EGM, this Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

9.3 Attendance at the EGM

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, **the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.**

9.4 Participation at the EGM

9.4.1 Alternative arrangements have been made by the Company to allow Shareholders to participate at the EGM via electronic means. Such alternative arrangements include:

- (a) arrangements by which Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream;
- (b) arrangements by which Shareholders may submit comments, queries and/or questions to the chairman of the EGM (the "**Chairman of the Meeting**") in advance of the EGM;
- (c) arrangements by which the Board and the management may address substantial and relevant comments, queries and/or questions before the EGM; and
- (d) arrangements by which Shareholders may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.

9.4.2 Details of the steps for pre-registration for the live audio-visual webcast or live audio-only stream, submission of comments, queries and/or questions in advance of the EGM and submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM are set out in **Appendix B** to this Circular.

LETTER TO SHAREHOLDERS

9.5 Key Dates and Times

Key Dates and Times	Actions to be taken by Shareholders
10 a.m. on Monday, 5 July 2021	<p>Deadline for Shareholders to:</p> <p>(a) pre-register for the live audio-visual webcast or live audio-only stream; and</p> <p>(b) submit comments, queries and/or questions in advance of the EGM.</p>
10 a.m. on Tuesday, 6 July 2021 ⁽¹⁾	Deadline for Shareholders to submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM.
10 a.m. on Wednesday, 7 July 2021	<p>Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream and who have been verified by the Company's Share Registrar, M & C Services Private Limited, will receive an email which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "Confirmation Email").</p> <p>Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 10 a.m. on Wednesday, 7 July 2021, should contact the Company's Share Registrar, M & C Services Private Limited, at 6228 0530 or gpb@mncsingapore.com.</p>
10 a.m. on Thursday, 8 July 2021	<p>Shareholders may participate at the EGM via electronic means by:</p> <p>(a) accessing the URL in the Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or</p> <p>(b) calling the toll-free telephone number to access the live audio-only stream.</p>

Note:

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

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

9.6 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. For the latest updates on the arrangements for the EGM, Shareholders should check the Company's website at the URL <http://www.mce.com.sg/investors>. Such updates will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

LETTER TO SHAREHOLDERS

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company located at 7030 Ang Mo Kio Avenue 5 #08-85 Northstar@AMK Singapore 569880 during normal business hours for three (3) months from the date of this Circular:

- (a) the SPA;
- (b) the Arranger Fee Agreement;
- (c) the Summary of Valuation Report;
- (d) the Valuation Report;
- (e) the letter of consent dated 22 June 2021 from the Independent Valuer;
- (f) the Constitution of the Company; and
- (g) the annual report of the Company for FY2020.

Yours faithfully,
For and on behalf of the Board of Directors of
Metal Component Engineering Limited

Chua Kheng Choon
Chairman and Chief Executive Officer

APPENDIX A

SUMMARY OF VALUATION REPORT

Strictly Confidential – For Addressee Only



Valuation of 100% equity interest in the capital of the
Target (as defined herein)

Prepared for
Metal Component Engineering Limited

Report Date
22 June 2021

Ref: 21/Ry-CW- JW/BV0174-2

APPENDIX A SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Executive Summary

Valuation of 100% equity interest in the capital of the Target (as defined herein)

Date of Valuation:	31 March 2021
Purpose:	Public disclosure purpose
Situation:	<p>Metal Component Engineering Limited (“MCE” or the “Company”) is a one-stop mechanical manufacturing solutions provider supporting customers in Asia. Together with its subsidiaries (the “Group”), MCE offers design, prototyping, tool and die fabrication, precision stamping production, surface finishing, to value-added assembly.</p> <p>We understand that the Group is contemplating to acquire majority stake in the equity interest in the capital of Gainhealth Pte Ltd (“Target” or “Gainhealth”) (“Proposed Acquisition”).</p> <p>As a result of the Proposed Acquisition, we have been requested to perform a valuation of 100% equity interest in the capital of the Target as at 31 March 2021 (“Valuation Date”).</p>
Subject Matter:	100% equity interest in the capital of Target
Basis of Valuation:	Market Value
Valuation Approach:	Income Approach
Other Details:	<p>We wish to highlight that any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.</p> <p>The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.</p> <p>The markets that the Target is valued in are being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.</p>

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Valuation of 100% equity interest in the capital of the Target



Valuation of 100% equity interest in the capital of the Target (as defined herein)

Having regard to the foregoing and market conditions as at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumptions stated herein, is in the region of:-

S\$3.9 million to S\$5.2 million

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

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Valuation of 100% equity interest in the capital of the Target



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A Valuation Report

To: Metal Component Engineering Limited
Subject Matter: 100% equity interest in the capital of Target
Report Date: 22 June 2021
Valuation Date: 31 March 2021

1. Introduction and Instructions

Appointment

In accordance with your instructions, we have assessed and ascertained the Market Value of 100% equity interest in the capital of Target. We are pleased to submit our summarised valuation report ("Report"), which has been prepared for public disclosure purpose to seek shareholders' approval pursuant to the Proposed Acquisition and should be read in conjunction with the full valuation report dated 22 June 2021 ("Full Report").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Full Report.

2. Terms of reference

Cushman & Wakefield VHS Pte Ltd ("C&W" or "Valuer") has been appointed to undertake an independent valuation of 100% equity interest in the capital of Target. We were neither a party to the negotiations entered into by the Company and its subsidiaries (the "Group") in relation to the Proposed Acquisition nor were we involved in the deliberation leading up to the decision on the part of the management of the Company, Group and/or Target (the "Management") to enter into the Proposed Acquisition and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Acquisition. We do not warrant the merits of the Proposed Acquisition or the acceptability of the risk for the Proposed Acquisition.

We have confined our evaluation strictly and solely on the financial of the Target and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Acquisition or the strategic merits or the comparison with other deals involving shares of the Company, Group and/or Target. We were not required to comment on or evaluate the methods or procedures used by the Target to manage the change in any risk profile of the Company, Group and/or Target in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Acquisition. In addition, we do not express any views or opinion on the merits of the Proposed Acquisition, the legality or any

APPENDIX A

SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



other matters pertaining to the Proposed Acquisition, documents for the Proposed Acquisition (the notice of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Acquisition and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Company, Group and/or Target may be subject to for the Proposed Acquisition.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property) of the Target (where applicable). Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia*, includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance and financial condition after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Company, Group and/or Target (the "Shareholder"). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Company, Group and/or Target, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Company, Group and/or Target which we used or may have used may differ from the relative emphasis accorded by any individual

APPENDIX A SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

Accordingly, our Report, Full Report with opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by Company, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

3. Bases of Valuation

The valuation has been prepared in accordance with International Valuation Standards.

Bases

The subject matter has been valued on the basis of Market Value as at the Valuation Date which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

4. Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections from 1 April 2021 to 31 December 2021 ("FPDec2021") to financial year ended 31 December ("FY") 2028. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which the Target operates that may adversely affect the future prospects of the Target.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target.

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SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



- The current owners of the Target have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of the Target critical upon the following key value drivers:

- The Target continues to operate as a going concern and is able to meet all its financial obligations.
- The Target's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections.
- The Target has sufficient operational resources to support the projected turnover and profitability.
- The Target continues to maintain costs in accordance with the forecast.

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit, due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on any transactions including the Proposed Acquisition. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

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Valuation of 100% equity interest in the capital of the Target



Reservations

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect of the equity interest in the capital of the Target, market conditions and available data.

5. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market Value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the Valuation Date was to change.

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The markets that the Target is valued in are being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present.

This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

We have no present or prospective interest in the Target and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Company, Group and/or Target, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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Valuation of 100% equity interest in the capital of the Target



6. Valuation Methodology

We have considered the 3 valuation approaches namely Income Approach, Market Approach and Cost Approach and have adopted Income Approach as our primary approach with Market Approach as reference.

The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the Target had an on-going business and operations to generate future cash flow, the use of Income Approach as the primary approach is considered to be appropriate.

Under Market Approach, we have considered enterprise value to sales ("EV/Sales") multiples in the valuation. Based on our analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Target is at its growth stage and the current earnings are not normalized. Thus, Market Approach is used as reference.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target and the Market Approach as a reference.

Income Approach - Discounted Cash Flow Analysis

Discounted Cash Flow ("DCF") Method is one application of Income Approach. We have used free cash flow to firm ("FCFF") to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash & cash equivalents as well as non-operating assets/liabilities. FCFF is defined as follows:

$$FCFF = EBIT (1 - Tax\ rate) + Depreciation\ and\ Amortization - Capital\ Spending - Change\ in\ Working\ Capital$$

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

APPENDIX A SUMMARY OF VALUATION REPORT

Valuation of 100% equity interest in the capital of the Target



The assumptions used in the DCF analysis are set out in the following sections.

- *Financial projections*

Management has provided us with 8-year financial projections from FPDec2021 to FY2028, which form the basis of the DCF analysis. Based on discussion with Management and our review, the financial projections are broadly in-line with the accompanying assumptions. Based on the financial projections provided, the expected FCFF of the Target from FPDec2021 to FY2028 is as follows:

SGD'000, unless otherwise specified	FPDec2021	FY2022	FY2023	Forecast					Normalised
				FY2024	FY2025	FY2026	FY2027	FY2028	
Revenue	1,670	4,472	9,430	15,477	18,169	20,396	21,851	22,288	22,288
EBIT	167	894	1,886	2,662	2,616	2,366	1,923	1,337	1,337
Less: Tax expenses	34	183	387	546	536	485	394	274	274
Add: Depreciation and amortisation	3	13	31	62	99	137	171	196	196
Less: Capital expenditure	17	45	94	155	182	204	219	223	196
Less: Net working capital changes	119	2	105	58	(35)	300	329	314	314
FCFF	(0.1)	677	1,332	1,966	2,032	1,514	1,152	723	749

- *Capital expenditure*

Minimal amount of capital expenditure is projected for forecast period which is about 1.0% of the revenue per annum with reference to the comparable companies.

- *Net working capital changes*

Trade & other receivable, inventories and trade & other payable are expected to change in line with the projected revenue and cost of sales & operating expenses (excluding depreciation & amortisation) (as the case may be). The underlying net working capital assumptions are set out as follows:

- Inventories turnover days: 60 days
- Trade & other receivables turnover days: 30 days
- Trade & other payables turnover days: 45 to 60 days

- *Terminal value*

To estimate the terminal value of Target at the end of the projection period in FY2028, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long-term growth rate.

$$\text{Terminal value} = CF_{n+1} / (r - g)$$

<i>Where</i>	CF_{n+1}	=	expected cash flow one year from n -th year
	r	=	required rate of return, i.e. discount rate
	g	=	growth rate in perpetuity

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We have assumed that the earnings of the Target would reach a stable growth rate ranging from 1.5% to 2.5% after FY2028 based on expected long-term global gross domestic product growth rate.

- *Discount rate*

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from Target is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") ranging from 16.5% to 21.5%.

- *Debt & non-operating payable and excess cash & cash equivalents*

In order to arrive at the equity value of 100% interest in the capital of Target from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & cash equivalents are added. As at the Valuation Date, Target has no debt & non-operating payables nor excess cash & cash equivalents.

- *Adjustment for private company discount (marketability discount)*

According to the International Glossary of Business Valuation Terms, marketability means the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing equity in privately held companies. We applied a marketability discount of approximately 25% for the purpose of this valuation with reference to empirical historical studies.

- *Market Value of 100% equity interest in the capital of the Target*

Based on the DCF method, the derived 100% enterprise value of Target ranges from S\$5.3 million to S\$6.9 million as at Valuation Date. The value of 100% equity interest in the capital of Target is then derived by taking enterprise value, subtracting debt & non-operating payables, adding excess cash & cash equivalents and applying the marketability discount. As at the Valuation Date, Target has no debt & non-operating payables nor excess cash & cash equivalents. A marketability discount of 25% is applied to reflect the private status of Target. As such, based on DCF Method, the Market Value of 100% equity interest in the capital of Target as at the Valuation Date ranges from S\$3.9 million to S\$5.2 million.

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7. Valuation Result

Having regard to the foregoing, we are of the opinion that the Market Value of the 100% equity interest in the capital of the Target as at Valuation Date, subject to the assumption stated herein, is in the region of: -

S\$3.9 million to S\$5.2 million

The following table illustrates the results of the valuation based on Market Approach, which are purely for reference purposes only and do not reflect Market Value of 100% equity interest in the capital of the Target as at Valuation Date.

S\$	
Market Approach	S\$0.8 million to S\$6.4 million

The outbreak of the COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The markets that the Target is valued in are being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present.

This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.

As such, we recommend that the user(s) of this report review this valuation periodically.

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Valuation of 100% equity interest in the capital of the Target



8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

9. Disclosure and Publication

You must not disclose the contents of the Report and/or Full Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report and/or Full Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

10. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.

11. Valuer's Credential

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

Richard Yap

CFA, CA (Singapore), CVA

Senior Director

APPENDIX A SUMMARY OF VALUATION REPORT

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Appendix 1 Limiting Conditions

The Report and/or Full Report is prepared subject to the following terms and conditions: -

- 1) The Report and/or Full Report is:
 - a. restricted to the use by the client to whom the Report and/or Full Report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.
- 2) Neither the whole nor any part of the Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the Report and/or Full Report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in the Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).
- 7) Any plans that are included in the Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any property, plant and machinery in our valuation.

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- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).
- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
- 11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).
- 12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid (where applicable).
- 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
- 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a) any direct loss of profit;
 - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
- 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
- 16) Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
- 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
- 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
- 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives

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- rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address the Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on the Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon the Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where the Report and/or Full Report is prepared or where we consent to the Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).

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- 27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of the Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.
- 28)
- a) The U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
 - b) We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act ("Applicable Anti-Bribery Laws and Rules").
 - c) You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
 - d) We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively "Applicable Sanctions/AML Rules").
 - e) You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
 - f) In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

APPENDIX B ALTERNATIVE ARRANGEMENTS FOR THE EGM

Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers, submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM and submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the EGM.

To do so, Shareholders will need to complete the relevant steps below.

Steps	Details
Pre-registration for the live audio-visual webcast or live audio-only stream	<p>Shareholders must pre-register via email to the Company at gpb@mncsingapore.com and provide their personal particulars as follows:</p> <ul style="list-style-type: none"> (a) Full name (for individuals) / company name (for corporates) as per CDP/SRS Account records; (b) National Registration Identity Card Number (“NRIC”) or Passport Number (for individuals)/ (c) Company Registration Number (for corporates); (d) Number of shares in the capital of the Company (“Shares”) held; (e) Contact Number; and (f) Email Address, <p>by 10 a.m. on Monday, 5 July 2021 to enable the Company’s Share Registrar, M & C Services Private Limited, to verify their status as Shareholders of the Company.</p> <p>Following the verification, authenticated Shareholders will receive an email by 10 a.m. on Wednesday, 7 July 2021 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the “Confirmation Email”).</p> <p>Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 10 a.m. on Wednesday, 7 July 2021, should contact the Company’s Share Registrar, M & C Services Private Limited, at 6228 0530 or gpb@mncsingapore.com.</p>

APPENDIX B
ALTERNATIVE ARRANGEMENTS FOR THE EGM

Steps	Details
<p>Submission of comments, queries and/or questions in advance of the EGM</p>	<p>Shareholders will not be able to comment, raise queries and/or ask questions at the EGM during the live audio-visual webcast or live audio-only stream. It is therefore important for Shareholders to submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM.</p> <p>Submission of comments, queries and/or questions. Shareholders may submit comments, queries and/or questions related to the resolutions in the Notice of EGM to the Chairman of the Meeting in advance of the EGM in the following manner:</p> <p>(a) By post – Shareholders may submit their comments, queries and/or questions by post to the Company’s Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902. Comments, queries and/or questions submitted by Shareholders by post must be accompanied by the Shareholders’ full name, address and the manner in which the Shareholder holds Shares in the Company.</p> <p>(b) By electronic means – Shareholders, who have pre-registered registered for the live audio-visual webcast or live audio-only stream, may submit their comments, queries and/or questions by electronic means at the URL philip.mak@mce.com.sg.</p> <p>Deadline to submit comments, queries and/or questions. Shareholders must submit all comments, queries and/or questions by 10 a.m on 5, July 2021.</p> <p>Addressing comments, queries and/or questions. The Company will endeavour to address all substantial and relevant comments, queries and/or questions received from Shareholders before the EGM. The Company will publish its responses to comments, queries and/or questions on the Company’s website at the URL http://www.mce.com.sg/investors and on SGXNET at the URL https://www.sgx.com/securities/company-announcements.</p> <p>Minutes of EGM. The Company will publish the minutes of EGM on the Company’s website at the URL http://www.mce.com.sg/investors and on SGXNET at the URL https://www.sgx.com/securities/company-announcements within one (1) month after the EGM. The minutes of EGM will include responses from the Board and the management to substantial and relevant comments, queries and/or questions received from Shareholders addressed at the EGM during the live audio-visual webcast or live audio-only stream.</p>

APPENDIX B
ALTERNATIVE ARRANGEMENTS FOR THE EGM

Steps	Details
<p>Submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM⁽¹⁾</p>	<p>Appointment of Chairman of the Meeting as proxy. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.</p> <p>Specific instructions as to voting must be given. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p>Submission of Proxy Forms. The Proxy Form must be submitted to the Company in the following manner:</p> <p>(a) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or</p> <p>(b) if submitted by way of electronic means, be submitted via email to the Company at gpb@mncsingapore.com,</p> <p>in either case, by 10 a.m. on Tuesday, 6 July 2021.</p> <p>A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.</p> <p>In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.</p>

Note:

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

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198804700N)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “EGM”) of **Metal Component Engineering Limited** (the “Company”) will be held by way of electronic means on Thursday, 8 July 2021 at 10 a.m. (Singapore Time) for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolutions:

All capitalised terms used in this notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 23 June 2021 (the “Circular”) in relation to the Ordinary Resolutions relating to the Proposed Acquisition of Gainhealth Pte. Ltd. and the Proposed Diversification into the Healthcare Business and the E-Commerce Business.

Ordinary Resolution 1: The Proposed Acquisition of Gainhealth Pte. Ltd.

Contingent upon the passing of Ordinary Resolution 2, that:

- (a) the Proposed Acquisition be and is hereby approved and authority be and is hereby granted to the Directors to carry out and implement the Proposed Acquisition in accordance with the SPA and the Arranger Fee Agreement and as set out in **Section 2** of the Circular be and is hereby approved;
- (b) the acquisition of an aggregate total of 1,715 Sale Shares, representing approximately 85.07% of the total issued and paid-up share capital of the Target, from JPS, FYJ and YKN, pursuant to the SPA and as set out in **Section 2** of the Circular be and is hereby approved;
- (c) authority be and is hereby given to the Directors to allot and issue: (i) up to 13,000,000 Consideration Shares to JPS, FYJ and YKN subject to the terms and conditions of the SPA; (ii) up to 20,000,000 Performance Shares subject to the terms and conditions of the SPA; (iii) 5,743,243 Arranger Shares subject to the terms and conditions of the Arranger Fee Agreement; and (iv) up to 6,891,892 Additional Arranger Shares subject to the terms and conditions of the Arranger Fee Agreement and as set out in **Section 2** of the Circular; and
- (d) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

Ordinary Resolution 2: The Proposed Diversification into the Healthcare Business and the E-Commerce Business

Contingent upon the passing of Ordinary Resolution 1, that:

- (a) the diversification by the Company and its subsidiaries of its core business to include the Healthcare Business and the E-Commerce Business that involve activities as set out in **Section 3** of the Circular and any other activities relating to the Proposed Diversification into the Healthcare Business and the E-Commerce Business be and is hereby approved; and
- (b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

By Order of the Board of Directors of
Metal Component Engineering Limited

Chua Kheng Choon
Chairman and Chief Executive Officer

23 June 2021
Singapore

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on Thursday, 8 July 2021 at 10 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Acquisition and Proposed Diversification of the Group's Business into the Healthcare Business.
2. Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. Instead, this Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL <http://www.mce.com.sg/investors>. This Notice of EGM, the Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Section 9** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL <http://www.mce.com.sg/investors> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at gpb@mncsingapore.com,

in either case, by 10 a.m. on Tuesday, 6 July 2021. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

General:

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

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

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules").

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

PROXY FORM

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198804700N)

I/We* _____ (Name) _____ (NRIC / Passport / Company
Registration Number*) of _____ (Address)

being a Shareholder of **Metal Component Engineering Limited** (the “**Company**”), hereby appoint the Chairman of the Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the EGM to be held by way of electronic means on Thursday, 8 July 2021 at 10 a.m. (Singapore Time) and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. **If no specific direction as to voting, or abstentions from voting, is given in respect of the Ordinary Resolutions, the appointment of the Chairman of the Meeting as proxy for the Ordinary Resolutions shall be treated as invalid.** The Ordinary Resolutions will be put to vote at the EGM by way of poll.

Ordinary Resolution	Number of Votes For [#]	Number of Votes Against [#]	Number of Votes Abstaining [#]
1. To approve the Proposed Acquisition of Gainhealth Pte. Ltd. Shares			
2. To approve the Proposed Diversification into the Healthcare Business and the E-Commerce Business			

* Delete as appropriate.

If you wish to exercise all your votes “For” or “Against” or “Abstaining”, please indicate so with a [√] within the box provided. Alternatively, if you wish the Chairman of the EGM as your proxy to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish the Chairman of the EGM as your proxy to abstain from voting in respect of the Resolution, please indicate the number of votes “For”, the number “Against” and/or the number “Abstaining” in the boxes provided for the Resolution. In the absence of specific directions, the appointment of the Chairman of the EGM as your proxy will be treated as invalid.

Dated this _____ day of _____ 2021.

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature or Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



PROXY FORM

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on Thursday, 8 July 2021 at 10 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolution relating to the Proposed Acquisition and the Proposed Diversification of the Group's Business into the Healthcare Business.
2. Printed copies of the Notice of EGM, the Circular and this Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, the Circular and this Proxy Form may be accessed at the Company's website at the URL <http://www.mce.com.sg/investors>. The Notice of EGM, the Circular and this Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Section 9** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL <http://www.mce.com.sg/investors> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
6. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
7. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #0501 Singapore 068902; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at gpb@mncsingapore.com,
in either case, by 10 a.m. on Tuesday, 6 July 2021. A Shareholder who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
8. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

General:

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

Personal data privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.