



**NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED**

(Company Registration Number: 199902564C)  
(Incorporated in Singapore on 13 May 1999)

**Offering in respect of 77,236,200 Offering Shares, comprising:**

- (i) 73,374,300 Placement Shares; and
  - (ii) 3,861,900 Public Offer Shares,  
payable in full on application  
(subject to the Over-allotment Option)
- Offering Price: S\$2.59 per Offering Share**

*Prior to making a decision to purchase the Shares, you should carefully consider all the information contained in the Prospectus carefully and whether you understand what is described in the Prospectus. This Product Highlights Sheet should be read in conjunction with the Prospectus. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Shares, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.*

**This Product Highlights Sheet is an important document.**

- It highlights the key information and risks relating to the offer of the Shares contained in the Prospectus. It complements the Prospectus<sup>1</sup>.
- You should not purchase the Shares if you do not understand the nature of an investment in shares of a company, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the Shares, you will need to make an application in the manner set out in the Prospectus. If you do not have a copy of the Prospectus, please contact our Company or the Joint Bookrunners and Underwriters to ask for one.

<b>Issuer</b>	Nanofilm Technologies International Limited	<b>Place of incorporation</b>	Republic of Singapore
<b>Details of this offer</b>	Total number of Shares to be offered under the Offering (subject to the Over-allotment Option): 77,236,200 Offering Shares, comprising  (i) 73,374,300 Shares under the International Offering; and  (ii) 3,861,900 Shares under the Singapore Public Offer.	<b>Total amount to be raised in this offer</b>	Gross proceeds of approximately S\$470.1 million and net proceeds of approximately S\$452.5 million will be raised from the Offering and the issue and sale of the Cornerstone Shares, assuming the Over-allotment Option is not exercised, of which approximately S\$190.9 million will be due to our Company
<b>Offering Price</b>	S\$2.59 per Offering Share	<b>Listing status of Issuer and the Securities</b>	An application has been made to the SGX-ST for permission to list, among others, all our issued Shares and the New Cornerstone Shares. The Shares are expected to be listed on 30 October 2020

<sup>1</sup> The Prospectus, lodged with and registered by the Monetary Authority of Singapore (the “MAS”) on 16 October 2020 and 23 October 2020 respectively, may be obtained on request, subject to availability, during office hours, from Citigroup Global Markets Singapore Pte. Ltd., CLSA Singapore Pte Ltd, Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited at their respective addresses stated in the Prospectus and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: <https://www.sgx.com> and the MAS’s OPERA website at <https://eservices.mas.gov.sg/opera/>.

<b>Joint Issue Managers</b>	Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited	<b>Joint Bookrunners and Underwriters</b>	Citigroup Global Markets Singapore Pte. Ltd., CLSA Singapore Pte Ltd, Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited
<b>Joint Global Coordinators</b>	Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited		

## OVERVIEW

### WHO ARE WE AND WHAT DO WE DO?

According to Frost & Sullivan, we are a leading provider of nanotechnology solutions in Asia, leveraging our proprietary technologies, our core competencies in R&D, engineering and production, to provide technology-based solutions across a wide range of industries. Our solutions serve as key catalysts enabling our customers to achieve high value-add advancements in their end-products, in an environmentally sustainable manner.

Since 1999, we have shown a strong track record in acquiring and retaining customers, including market leading blue-chip end-customers. We have grown and developed alongside our customers, through our continuous focus on R&D and innovation, often with R&D initiatives being undertaken in joint collaboration with our customers, as well as by leveraging our strong in-house engineering capabilities and our efficient production capabilities.

Our nanotechnology solutions are industry agnostic and are adaptable for use across a wide range of industries, and have opened up new markets which were hitherto inaccessible to conventional coating technologies. With the flexibility and advantages afforded by our proprietary technologies, we believe that we are able to re-position ourselves as necessary to tap into promising growth opportunities across our focus markets – be it in the computer, communications and consumer electronics (“3C”), automotive, new energy, biomedical, or optical lens and sensors industry. We intend to focus on attractive and innovative future industries, which upon maturity, have the potential to constitute a large standalone business opportunity for us.

We seek to achieve technological breakthroughs, redraw the boundaries of material science to enable new end-product possibilities and develop nanotechnology solutions. Our goal is to be a future generation technology-based solutions company, with a vision of our advanced materials and nanoproducts being integrated into the modern daily lives of consumers around the world.

Refer to “*Offering Summary – Overview*” on page 14 of the Prospectus. “*Corporate Structure*” on page 157 of the Prospectus and “*Business*” on page 160 of the Prospectus for more information.

### WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Directors are Dr Shi Xu (Executive Chairman), Mr Lee Liang Huang (Chief Executive Officer), Mr James Rowan (Lead Independent Director), Ms Ong Siew Koon @ Ong Siew Khoon (Independent Director), Mr Kristian John Robinson (Independent Director) and Ms Lee Lee Khoon (Independent Director).

Our Executive Officers are Mr Lee Liang Huang (Chief Executive Officer), Mr Lim Kian Onn (Chief Financial Officer), Mr Gary Ho Hock Yong (Chief Commercial Officer), Mr Ricky Tan Chong Ho (Chief Operating Officer) and Mr Lars Ralf Rainer Lieberwirth (Chief Technology Officer).

Refer to “*Management*” on page 257 of the Prospectus for more information on our directors and management.

### WHO ARE OUR CONTROLLING SHAREHOLDERS?

Dr Shi Xu is the sole shareholder of Pearl Yard Holdings Inc. Accordingly, for the purposes of Section 4 of the SFA, Dr Shi Xu is treated as having an interest in the Shares held by Pearl Yard Holdings Inc. In addition, for the purposes of Section 133(4) of the SFA, Dr Shi Xu is deemed to have an interest in the Shares in which his spouse, Mdm Jin Xiao Qun, has an interest.

Refer to “*Share Capital and Shareholders*” on page 298 of the Prospectus for more information on our Controlling Shareholders.

Immediately following the completion of the Offering and the issue and sale of the Cornerstone Shares, Dr Shi Xu is expected to have an interest (directly and indirectly), in approximately 57.4% of our Company's total issued share capital (assuming the Over-allotment Option is not exercised) and 55.1% of our Company's total issued share capital (assuming the Over-allotment Option is exercised in full).

## HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

### Key profit and loss information

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	S\$ in million (audited)	S\$ in million (audited)	S\$ in million (audited)	S\$ in million (unaudited)	S\$ in million (unaudited)
Revenue	103.6	122.8	142.9	55.2	77.8
Cost of Sales	(45.7)	(56.6)	(65.2)	(26.6)	(36.9)
Gross profit	57.9	66.2	77.7	28.6	40.9
Selling and distribution expenses	(8.6)	(11.5)	(16.8)	(7.1)	(9.0)
Administrative Expenses	(17.4)	(18.9)	(21.1)	(9.5)	(11.3)
Profit before income tax	32.0	34.9	39.9	12.9	22.5
Profit after income tax	26.9	29.3	34.5	10.9	18.5
Profit attributable to equity holders of our Company	26.9	29.3	35.8	11.4	18.5
Profit/(loss) attributable to non-controlling interests	–	– <sup>(2)</sup>	(1.2)	(0.5)	– <sup>(2)</sup>
Basic EPS (cents)	5.32	5.74	6.99	2.22	3.59
Diluted EPS (cents)	5.42	5.53	6.52	2.10	3.34
EPS adjusted for the issuance of the Conversion Shares, the New Cornerstone Shares and the Offering (cents) <sup>(1)</sup>	4.62	4.75	5.57	1.89	3.05

#### Notes:

- (1) EPS for the year/period indicated is computed based on the weighted average number of Shares for the year/period, adjusted for the issuance of the Conversion Shares, the New Cornerstone Shares and the Offering.
- (2) Amounts less than S\$100,000.

### Key balance sheet information

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	S\$ in million (audited)	S\$ in million (audited)	S\$ in million (audited)	S\$ in million (unaudited)
Total assets	148.4	190.1	234.0	277.4
Total liabilities	52.7	89.7	106.5	136.9
Net assets	95.7	100.4	127.4	140.5

Refer to “*Selected Consolidated Financial Information*” on page 86 and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” on page 94 of the Prospectus for more information on our financial performance and position.

**Key cash flows information**

	Financial year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	S\$ in millions (audited)	S\$ in millions (audited)	S\$ in millions (audited)	S\$ in millions (unaudited)	S\$ in millions (unaudited)
Net cash generated from operating activities	34.6	29.6	52.4	30.6	29.6
Net cash used in investing activities	(15.5)	(34.6)	(45.3)	(15.1)	(36.2)
Net cash (used in)/ generated from financing activities	(9.6)	9.0	(7.2)	15.0	21.8
Net increase/ (decrease) in cash and cash equivalents	9.5	4.0	(0.1)	30.5	15.2
Cash and cash equivalents at beginning of year/ period	12.6	21.0	25.1	25.1	24.6
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	(1.1)	0.1	(0.4)	(0.7)	0.6
Cash and cash equivalents at end of year/period	21.0	25.1	24.6	54.9	40.4

The most significant factors contributing to our financial performance for the six months ended 30 June 2020 compared to the six months ended 30 June 2019 are as follows:

- Our revenue for the six months ended 30 June 2020 was S\$77.8 million, an increase of S\$22.6 million from S\$55.2 million for the same period in 2019. This was primarily as a result of the increase in revenue from our Advanced Materials BU segment, which was partially offset by the decrease in revenue from our Industrial Equipment BU segment.
- Our gross profit for the six months ended 30 June 2020 was S\$40.9 million, an increase of S\$12.3 million from S\$28.6 million for the same period in 2019. Our gross profit margin was 52.6% for the six months ended 30 June 2020, an increase from 51.8% for the six months ended 30 June 2019.
- As a result of the foregoing and other factors set out in the Prospectus, our profit for six months ended 30 June 2020 was S\$18.5 million, an increase of S\$7.6 million from a profit of S\$10.9 million for the six months ended 30 June 2019.

The most significant factors contributing to our financial performance for the financial year ended 31 December 2019 compared to the financial year ended 31 December 2018 are as follows:

- Our revenue for the financial year ended 31 December 2019 was S\$142.9 million, an increase of S\$20.1 million from S\$122.8 million for the financial year ended 31 December 2018. This was primarily due to the increase in revenue from our Advanced Materials BU segment. Revenue from our Nanofabrication BU segment also increased S\$0.6 million from S\$5.3 million for the financial year ended 31 December 2018 to S\$5.9 million for the financial year ended 31 December 2019. The increase was partially offset by the decrease in revenue from our Industrial Equipment BU segment.

- Our gross profit for the financial year ended 31 December 2019 was S\$77.7 million, an increase of S\$11.5 million from S\$66.2 million for the financial year ended 31 December 2018. Our gross profit margin was 54.4% for the financial year ended 31 December 2019, an increase from 53.9% for the financial year ended 31 December 2018.
- As a result of the foregoing and other factors set out in the Prospectus, our profit for the financial year ended 31 December 2019 was S\$34.5 million, an increase of S\$5.2 million from a profit of S\$29.3 million for the financial year ended 31 December 2018.

The most significant factors contributing to our financial performance for the financial year ended 31 December 2018 compared to the financial year ended 31 December 2017 are as follows:

- Our revenue for the financial year ended 31 December 2018 was S\$122.8 million, an increase of S\$19.2 million from S\$103.6 million for the financial year ended 31 December 2017. This was primarily due to the increase in revenue from our Advanced Materials BU and Industrial Equipment BU segments, as well as the commencement of operations of our Nanofabrication BU segment in the financial year ended 31 December 2018.
- Our gross profit for the financial year ended 31 December 2018 was S\$66.2 million, an increase of S\$8.3 million from S\$57.9 million for the financial year ended 31 December 2017. Our gross profit margin was 53.9% for the financial year ended 31 December 2018, a decrease from 55.9% for the financial year ended 31 December 2017. This was primarily due to a decrease in revenue registered for our project for the manufacture of coating equipment for CdTe solar films undertaken for a customer as the majority of revenue from the project was registered in the financial year ended 31 December 2017 in accordance with its progress of completion.
- As a result of the foregoing and other factors set out in the Prospectus, our profit for the financial year ended 31 December 2018 was S\$29.3 million, an increase of S\$2.4 million from a profit of S\$26.9 million for the financial year ended 31 December 2017.

**The above factors are not the only factors contributing to our financial performance in FY2017, FY2018 and FY2019 and the six months ended 30 June 2020. Please refer to the other factors set out in “Management’s Discussion and Analysis of Results of Operations and Financial Position” on page 94 of the Prospectus.**

## INVESTMENT HIGHLIGHTS

### WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

**Increase our market share in existing markets through a two-pronged approach of increasing sales to existing customers and by capturing new customers**

We believe that there is significant room for us to increase our market share in our existing markets by increasing sales to existing customers and growing our customer base. We believe we are well-positioned to achieve greater market share in our existing markets given our established track record with our customers (alongside our early stage, customer-centric co-development model), our differentiated and highly-adaptable technology-based solutions, our ability to deliver high quality value-add at attractive cost-benefit payoffs and our dedicated sales and customer service teams. We believe the key factors which contribute to our market share in existing markets are (1) our proprietary technology, (2) the quality of our nanotechnology solutions, (3) our service to customers, (4) the potential cost-savings we provide to customers, and (5) the high value-add to our customers’ end-products.

We aim to enhance our sales and marketing capabilities to target new customers in our existing markets. Our sales and marketing teams are generally structured with an industry focus in order to provide targeted solutions that address the unique challenges faced by each individual customer. In addition, for our global key accounts, we employ dedicated sales specialists with a strong product and engineering background to more effectively serve these customers. Our sales and marketing teams seek to leverage our team’s network of industry contacts, as well as our strong reputation, positive feedback and word-of-mouth to engage new customers to explore new applications of our solutions.

Refer to “Offering Summary – Our Strategies” on page 30 of the Prospectus and “Business – Our Strategies” on page 177 of the Prospectus for more information on our strategies and future plans.

In order to provide reliable and flexible operational support to cater to an anticipated increase in demand for our nanoproducts and technology-based solutions, we are adding production capacity to support our push to capture additional market share. Our Shanghai Plant 2 (which is undergoing construction as at the Latest Practicable Date) is expected to commence initial operations in the first quarter of 2021. Shanghai Plant 2 when fully operational is expected to be able to house approximately an additional 200 coating equipment, and is expected to increase our total gross floor area across all of our production facilities to over 110,000 sq m.

**Upscale and integrate across the value chain of our customers' end-products by capitalising on value chain opportunities**

Frost & Sullivan believes that we have strong growth potential in capturing more of our customers' value chain which we serve. For example, in respect of the components market for smartphone enclosures, wearable components, personal grooming components and automotive engine parts, Frost & Sullivan has forecasted the combined TAM of these markets as expected to be approximately US\$423.0 billion by the end of 2023. In terms of the overall market size for the various relevant end-use segments, based on forecasts by Frost & Sullivan, the combined market size is expected to be approximately US\$4.5 trillion by the end of 2023.

Integration across the product value chain offers a natural progression for us to drive sustainable growth, and we intend to achieve this through the following:

- Capture a greater market share of the value chains by selectively entering into the design, manufacturing and assembly of vital components and modules in industries where our advanced materials are key enablers and by further increasing our customer engagement.
- Leverage synergies across our business segments to offer our customers integrated solutions – for example, combining our surface solutions with nanofabrication capabilities.

We aim to become a one-stop solutions provider for our customers for such technology-based solutions, in particular, for customers in the FMCG personal grooming, automotive and smartphone and wearables sub-segments. According to Frost & Sullivan, such value chain integration is expected to enable us to achieve better pricing, as well as provide significant cost benefits to our customers. Other expected benefits to our customers include a shorter supply chain, increased margins, greater connectivity throughout the entire value chain and enabling our customers to have higher control over their procurement processes. Our involvement across the value chain would also enable us to ensure consistency and quality. In turn, this will allow us to make ourselves even more critical for our customers and capture additional upside from the value chain.

According to Frost & Sullivan, while our direct addressable market is the surface solutions segment, our strategy of value chain integration has the potential to increase our addressable market manifold and will allow us to position ourselves as a one-stop solutions provider in our select segments. Frost & Sullivan further believes that this value chain integration strategy has the potential to enable us to become a leading player of surface solutions and components in the region in the medium to long term.

**Expand into new high potential applications and end industries by leveraging our industry-agnostic technological capabilities**

We currently have plans to expand into new end-industries such as the biomedical, aerospace and IoT optics industries. As at the Latest Practicable Date, we have commenced initial discussions with select customers in the biomedical and IoT optics industries, and are currently in the preliminary stages of R&D to explore the possibility of utilising our technology-based solutions to enhance their end-products. We have also commenced initial discussions with customers in 5G related application and smart car initiatives and as at the Latest Practicable Date, we have signed a memorandum of understanding with an unrelated third party in relation to 5G related applications. In addition, we intend to expand our current footprint in new energy, combustion/hybrid engines, next generation mobile devices and FMCG personal grooming applications.

In the biomedical industry, we believe there are many uses for our solutions in medical implants and medical devices. As at the Latest Practicable Date, we are currently in the process of developing a surface solution for medical implants utilising an advanced material based on a bio-compatible carbon. This is expected to be compatible to human bodies, reducing the risk of rejection, and prolonging the service lifespan of the medical implant. We are also exploring the development of surface solutions for medical devices which we believe will help extend the lifespan of these devices, reduce galling between sliding components and which have anti-glare properties for use in bright operating rooms.

**Maintain our technology leadership through R&D, and execute on operational improvement opportunities to drive profitable growth**

We will continue to invest and build on our three core competencies – our R&D innovation and product development capabilities, our strong in-house engineering capabilities, and our solid efficient production capabilities.

We conduct R&D and engineering activities in a focused and customer-centric manner through early stage customer engagement that reduces the time to market of our innovative solutions. Our development platform is focused on both existing end-markets (e.g. 3C) and new end-markets (e.g. FMCG personal grooming). We adopt an early stage, customer-centric co-development model. Our close collaboration with customers enables us to pioneer new value-added solutions which when developed and in commercial production, provides us access to a ready market. As such, a substantial portion of our R&D and engineering investments goes towards joint collaboration programmes with our customers. The remainder of our R&D spend is intended to strengthen our in-house proprietary research platform to develop next-generation technologies, build sustainable competitive advantage by maintaining our intellectual property rights and having multiple innovative products in the pipeline, advance our FCVA technology platform, continue innovation on existing technology (e.g. copper plasma) to expand the scope of their application and into new end-markets, and further develop our nanofabrication technology, often in partnership with our customers and/or their contract manufacturers. Examples of our focus markets for our research platform includes the biomedical and IoT optics industries.

In terms of our production capabilities, we are continuously exploring new initiatives to improve efficiency and cost-effectiveness of our production processes. We anticipate such initiatives when implemented will generate additional cost savings and improve our financial performance. From an operational perspective, we will also continue to focus on efficient production planning through the implementation of MES. We aim to further strengthen our QTS for real-time monitoring of key operations parameters and implement LEAN thinking philosophy to achieve improvements in quality while reducing production time and cost. From a process transformation standpoint, we will continue to invest in our ERP/SAP systems to support sustained resource planning. Finally, we will continue to invest in talent development through leveraging the “Nanofilm College” platform and other initiatives.

We have also implemented our operational excellence framework which guides the day-to-day management and operation of our business. We intend to maintain our commitment to our operational excellence framework, to achieve high standards in our manufacturing operations and to introduce increased automation in a systematic approach.

**Pursue strategic inorganic opportunities through acquisitions and/or joint ventures**

Although we have not entered into agreements in respect of any future acquisition targets and/or joint ventures to-date we may in the future pursue such acquisitions and/or joint ventures as part of our growth strategy. For acquisitions, we intend to undertake a disciplined approach by investing in or acquiring companies that fit our criteria and overall growth strategy. While evaluating such acquisitions, we will assess if the target company possesses complementary technologies to expand our capabilities, or has exposure to geographies (such as Japan and/or Europe) or industries which would enable us to build up our customer base. In addition, we will also consider if the opportunity helps us to realise revenue and/or cost synergies, achieve value chain integration or enhance our financial profile. For example, in 2018, we acquired a majority stake in ManGo Nanofab Group (which we renamed to NFT) which allowed us to expand our capabilities to include the development and production of customised nanoproducts, and capture synergies with our Advanced Materials BU.

<p>For joint ventures, we would typically seek to enter into strategic partnerships or joint ventures with select key customers, with a view towards either achieving value chain integration in our existing markets, or to facilitate our entry into new attractive markets. For example, we have established our joint venture with CYPR, and may seek to replicate the same success with other select customers and/or partners.</p>	
<p><b>WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?</b></p>	
<p>We expect that our results of operations, financial condition and cash flows for FY2020 will be affected by, among others, the following:</p> <ul style="list-style-type: none"> <li>• our ability to retain our major customers and secure new customers;</li> <li>• changes in demand for our end-customers’ end-products; and</li> <li>• life cycle of our end-customers’ end-products.</li> </ul> <p><b>The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections of the Prospectus listed in the column to the right.</b></p>	<p>Refer to “<i>Management’s Discussion and Analysis of Results of Operation – Our Prospects</i>” on page 156 of the Prospectus for more information.</p>
<p><b>WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?</b></p>	
<p>We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.</p> <p><b><i>We depend on a single customer for a substantial portion of our revenue and a limited number of customers account for the majority of our revenue</i></b></p> <p>Certain of our direct customers are contract manufacturers who manufacture and assemble end-products for our end-customers. Some of these direct customers account for more than 5% of our annual revenue. However, while we may enter into purchase orders or schedules of work with these direct customers to provide our products and services, such arrangements are typically at the direction of our end-customers. We would view our end-customer (and not its contract manufacturer) as the party with whom we have the primary business relationship. Our largest customer (who is an end-customer) accounted for approximately 50.1%, 45.6%, 51.1%, 43.3% and 56.5% of our revenue (which includes sales to its contract manufacturers) for the financial years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2019 and 2020, respectively. Our largest customer’s revenue contribution is primarily in our Advanced Materials BU segment, although we supply nanoproducts under our Nanofabrication BU to this customer as well. Our top five customers (both direct customers and end-customers, including our largest customer) in each year overall account for approximately 82.6%, 67.5%, 72.8%, 67.3% and 81.9% of our revenue for the financial years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2019 and 2020, respectively.</p> <p>Notwithstanding that our major customers’ contribution to our revenue is diversified across our business segments and/or product types, we cannot assure you that we can retain these customers, that the volume of their product orders or service engagements (whether directly or through their contract manufacturers) will not vary significantly from year to year. These events could adversely impact our business, financial condition, results of operations and prospects.</p> <p><b><i>Our major end-customers have significant leverage over us under our contracts with them</i></b></p> <p>We have entered into master development and/or master purchase agreements with certain of our major end-customers. These agreements set out a framework of key terms that govern the business relationship between these end-customers and ourselves, including the end-customer’s right of termination, payment methods and quality standards and requirements. Some of the terms are more favourable to our end-customers, including conferring on them the right to cancel all or part of any purchase orders at any time and/or to reschedule delivery dates or redirect shipments multiple times, without charge. In addition, such master agreements do not have a fixed term, and are effective until terminated in accordance with the terms therein, and in certain instances, our major end-customers have the right to terminate these agreements with notice.</p>	<p>Refer to “<i>Risk Factors</i>” on page 48 of the Prospectus for more information on risk factors.</p>



In particular, the master development and supply agreement entered into by us with our largest customer (who is an end-customer) requires us, in the event of transactions to transfer, assign, sell, lease, loan or otherwise dispose of any material portion of the tangible or intangible assets, personnel, technology, equipment, business, equity interest or voting interest of our entities (including our Company) involved in or relating to the development, production or servicing of goods under the agreement, to obtain from each other party to such transactions, as successors to our Company, a written declaration of commitment to perform our obligations under the master development and supply agreement. The written consent of the customer is also required in the event that we assign, subcontract, delegate or transfer the agreement, any statement of work or purchase order or any rights, obligations or interests under the agreement, whether directly, indirectly, voluntarily, involuntarily, or by operation of law, including through any change of beneficial ownership that occurs in connection with a merger (including a reverse triangular merger), acquisition, or the sale or transfer of all, or any part of our business or assets (the “**Assignment**”). Although the master development and supply agreement does not provide for financial penalties for breaches of such provisions, an Assignment made in violation of the agreement shall be void and shall constitute a material breach of the agreement, and the customer will have the right to immediately terminate the agreement (together, the “**Material Divestment and Assignment Clauses**”). We believe that the Offering and Listing will not trigger the Material Divestment and Assignment Clauses because Dr Shi Xu, our founder and Controlling Shareholder, will continue to have a direct and deemed interest in more than 50% of our Shares post-Listing, and we have kept the customer updated on our Listing plans and they have not objected to the Listing nor required us to obtain the written declaration of commitment from any person. Notwithstanding the foregoing, in view of the broad wording of the Material Divestment and Assignment Clauses, we cannot assure you that our customer will not take a different view, change their view and/or impose conditions following the Listing, whether as a result of the Listing or any subsequent equity fund raising by our Company or divestment of shares by our Controlling Shareholders. While we will continue to closely engage with our customers to ensure that we do not inadvertently breach our agreements with them, in the event that we are unable to comply with the terms of our agreements with them or conditions imposed by them, we may be subject to termination of the customer relationship, as well as claims, litigation and other liabilities which may negatively affect our business, financial condition, results of operations and prospects.

Although we are the sole providers of certain products and nanotechnology solutions to some of our major end-customers, we generally do not have exclusive arrangements with these end-customers. In addition, we are required under our master development and/or master purchase agreements to enter into separate purchase orders or schedules of works in respect of specific product or service orders. For our end-customers, once their end-product development reaches the production phase, our end-customer will direct their contract manufacturers to engage us to provide our products and services, and we will enter into purchase or service agreements with their designated contract manufacturers to deliver our products and services. The master development agreements or master purchase agreements which we enter into with our end-customers generally contain provisions which provide that in the event of termination, either the purchase orders or schedules of work placed prior to termination shall survive until such obligations are fulfilled by both parties (including those purchase orders entered into with our end-customer’s designated contract manufacturer), or that payment would be made to us for purchase orders outstanding as at the point of termination, in accordance with the terms of the relevant purchase order or schedule of work. Accordingly, the termination of a master development agreement or master purchase agreement (by either party or by mutual consent) would not materially affect any ongoing purchase orders or schedules of work which were placed prior to termination. Nonetheless, we cannot assure you that our end-customers will continue to place purchase orders or service engagements with us, will not elect to terminate our master development and/or master purchase agreements before expiry of their term, decide not to renew these agreements, or to renegotiate the terms of these agreements in a manner that may be more unfavourable towards us. We may not be able to replace any major end-customers that elect to terminate or not to renew its contract with us, which would have a negative effect on our business, financial condition and results of operations.

Further, certain of our customer contracts impose on us stringent confidentiality obligations, the breach of which may expose us to significant damages, as well as termination of our customer contracts. We cannot assure you that measures we have taken to protect confidential information of our customers are sufficient and will protect the confidential information of our customers effectively or at all. In the event that the confidential information of our customers is leaked, stolen or misused, by any of our employees, inadvertently or not, or due to the failure of our information technology systems, we may be subject to termination of our customer relationships, as well as claims, litigation and other liabilities which may negatively affect our business, financial condition and results of operations.

***Our customers face competitive challenges which may adversely affect us***

Factors adversely affecting our customers may also adversely affect us. These factors include: (a) recessionary periods in their markets; (b) their inability to adapt to rapidly changing technology and evolving industry standards, which may contribute to short product lifecycles or shifts in their strategies; and (c) their inability to develop, market, or gain commercial acceptance of their products, some of which may be new and untested. If our customers in the markets we serve, including the markets for smartphones, laptops and tablets and smart wearables, are unsuccessful in addressing these competitive challenges, their businesses may be adversely affected, in turn reducing the demand for our offerings, decreasing our revenues, or altering our production cycles, each of which could have a negative effect on our business, financial condition, results of operations and prospects.

***Our ability to establish, maintain and protect our proprietary intellectual property rights is important to our business***

As a nanotechnology solutions company, our ability to establish, maintain and protect our patents and other intellectual property rights and operate without infringing the intellectual property rights of others is important to our business. To protect our proprietary know-how, we rely on a combination of: (a) contractually binding confidentiality and trade secret protection obligations, which we impose on our customers, including customers with whom we collaborate with on R&D and engineering, as well as non-compete obligations, which we impose on certain of our employees and third parties who have access to the details and formula of our proprietary technology and nanotechnology solutions; and (b) granted patents, registered trademarks and copyright registrations in countries where we have operations or which we consider pose a significant risk to our business (from infringement or unauthorised use) if we do not have a protective registration. If we are unable to prevent unauthorised material disclosure of our intellectual property to third parties, or misappropriation of our intellectual property by third parties, we may not be able to establish or maintain a competitive advantage in our markets, which could negatively affect our business, operating results, financial condition and prospects.

**The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Refer to “Risk Factors” on page 48 of the Prospectus for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Prospectus.**

**WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?**

As at the date of the Prospectus, our issued and paid-up share capital was S\$15,483,371.999 comprising 527,500,720 Shares. We have only one class of Shares which have identical rights in all respects and rank equally with one another. The Offering Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Offering and there are no restrictions on the transfer of fully paid-Shares except where required by law or the rules or regulations of the SGX-ST, or as provided in our Constitution.

Refer to “Share Capital and Shareholders” on page 298 of the Prospectus for more information.

## HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds from the Offering and the issue and sale of the Cornerstone Shares (after deducting underwriting commissions and estimated offering expenses payable by us and the Vendors but excluding any discretionary incentive fees and assuming that the Over-allotment Option is not exercised) will be approximately S\$452.5 million, of which approximately S\$190.9 million from the issue of the New Cornerstone Shares will be due to us. We will not receive any proceeds from the sale of the Offering Shares and the Vendor Cornerstone Shares by the Vendors, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Over-allotment Option Grantor.

Refer to “*Offering Summary – The Offering*” on page 36 of the Prospectus and “*Use of Proceeds*” on page 80 of the Prospectus for more information.

We intend to use the net proceeds due to us from the issue of the New Cornerstone Shares primarily for the following purposes: (a) capital expenditure on development and building of new machinery for our Advanced Materials BU and purchase of new machinery for our Nanofabrication BU; (b) R&D and engineering for entry into new end industries and new areas and/or products in existing markets; (c) construction, refurbishment and renovation of new and existing production facilities; and (d) general corporate and working capital purposes.

## WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Our Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance. Moving forward, our Board intends to recommend and distribute dividends of at least 20% of our net profit after tax (excluding exceptional items) generated in the financial year ending 31 December 2021.

Refer to “*Dividends*” on page 76 of the Prospectus for more information on our dividend policy.

## DEFINITIONS

<b>BU</b>	:	Business Unit.
<b>CdTe</b>	:	Cadmium Telluride.
<b>Company</b>	:	Nanofilm Technologies International Limited.
<b>Cornerstone Shares</b>	:	The 104,256,100 Shares which are to be issued pursuant to the Cornerstone Agreements.
<b>CYPR</b>	:	Asimco Shuanghuan Piston Ring (Yizheng) Co Ltd.
<b>Directors</b>	:	The directors of our Company as at the date of the Prospectus, unless otherwise stated.
<b>EPS</b>	:	Earnings per Share.
<b>ERP/SAP</b>	:	Our in-house system that supports our engineering and production capabilities through resource planning.
<b>FCVA</b>	:	Filtered Cathodic Vacuum Arc.
<b>FMCG</b>	:	Fast moving consumer goods.
<b>Frost &amp; Sullivan</b>	:	Frost & Sullivan (Singapore) Pte Ltd.
<b>FY</b>	:	Financial year ended or, as the case may be, ending 31 December.
<b>Group</b>	:	Our Company together with its subsidiaries.
<b>IoT</b>	:	Internet of things.
<b>Latest Practicable Date</b>	:	5 October 2020.
<b>Listing</b>	:	The listing of the Shares on the Mainboard of the SGX-ST.
<b>Listing Manual</b>	:	Listing Manual of the SGX-ST.
<b>MES system</b>	:	Our Manufacturing Execution System.
<b>New Cornerstone Shares</b>	:	77,220,100 new Shares which are to be issued by the Company pursuant to the Cornerstone Agreements.

<b>Offering</b>	:	The International Offering and the Singapore Public Offer.
<b>Offering Price</b>	:	S\$2.59 for each Offering Share.
<b>Offering Shares</b>	:	77,236,200 Shares offered by the Vendors in the Offering.
<b>QTS</b>	:	Our Quality Tracking System.
<b>R&amp;D</b>	:	Research and development.
<b>SFA</b>	:	Securities and Futures Act, Chapter 289 of Singapore.
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited.
<b>Singapore Public Offer</b>	:	An offering of Offering Shares by way of a public offer in Singapore.
<b>Shareholders</b>	:	Registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares.
<b>Shares</b>	:	Ordinary shares in the capital of our Company.
<b>TAM</b>	:	Total addressable market.
<b>Vendors</b>	:	Dr Shi Xu, Mr Lee Liang Huang and Dr Wei Hao.
<b>Vendor Cornerstone Shares</b>	:	The 27,036,000 Cornerstone Shares which are to be sold by Dr Shi Xu pursuant to a Cornerstone Agreement

### CONTACT INFORMATION

#### WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

#### HOW DO YOU CONTACT US?

##### The Company

Nanofilm Technologies International Limited

Address : 28 Ayer Rajah Crescent  
#02-02/03  
Singapore 139959

Telephone No. : +65 6872 6890

Website : <http://www.nanofilm.com.sg>

##### Joint Bookrunners and Underwriters

Citigroup Global Markets Singapore Pte. Ltd.

Address : 8 Marina View, #21-00 Asia Square Tower 1, Singapore 018960

Telephone No. : +65 6657 1959

CLSA Singapore Pte Ltd

Address : 80 Raffles Place, #18-01 UOB Plaza 1, Singapore 048624

Telephone : +65 6416 7888

Credit Suisse (Singapore) Limited

Address : One Raffles Link, #03-01 South Lobby, Singapore 039393

Telephone : +65 6212 2000

Oversea-Chinese Banking Corporation Limited

Address : 63 Chulia Street, #10-00 OCBC Centre East, Singapore 049514

Telephone No. : 1800 363 3333