CIRCULAR DATED 19 APRIL 2021

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD. TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Procurri Corporation Limited (the "**Company**"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.

PROCURRI CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201306969W)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER

by

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 193200032W)

for and on behalf of

NTCP SPV VIII

(Incorporated in the Republic of Singapore)
(Company Registration No. 349862)

to acquire such number of Shares of Procurri Corporation Limited other than those already owned, controlled or agreed to be acquired by the Offeror and the Concert Parties,

which when aggregated with the NT Shares and ACT Relevant Shares would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date

Independent Financial Adviser to the Independent Directors of the Company

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201723484W)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT VOTES AND ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 3 MAY 2021 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO VOTE ON AND/OR ACCEPT THE PARTIAL OFFER MUST DO SO BY SUCH TIME AND DATE.

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DEFINITIONS

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

GENERAL

"**Acceptance Forms**"	:	FAA and/or FAT
"**ACT Relevant Shares**"	:	Shall have the same meaning ascribed to it in Section 1.4.2 of the Letter to Shareholders in the Offer Document and described in Section 1.2 of this Circular
"**ACT Transfer**"	:	Shall have the same meaning ascribed to it in Section 1.4.2 of the Letter to Shareholders in the Offer Document and described in Section 1.2 of this Circular
"**Awards**"	:	Awards granted under the PSP, details of which are set out in Paragraph 3.4 of Appendix II to this Circular
"**Board**"	:	The board of Directors of the Company as at the Latest Practicable Date
"**Business Day**"	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
"**Circular**"	:	This circular to Shareholders in relation to the Partial Offer enclosing, *inter alia*, the recommendation of the Independent Directors and the IFA Letter
"**Closing Date**"	:	First Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day and time for the lodgement of votes on and acceptances of the Partial Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Commencement Date**"	:	5 April 2021, being the date on which the Offer Document was despatched to Shareholders
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Company Securities**"	:	Shares or convertible securities, warrants, options, awards or derivatives in respect of the Shares or other securities which carry voting rights in the Company
"**Concert Parties**"	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Partial Offer
"**Constitution**"	:	The constitution of the Company

"CPFIS"	:	Central Provident Fund Investment Scheme
"CPFIS Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Derivatives"	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"Entitlement Notification Letter"	:	Shall have the meaning ascribed to it in paragraph 1.1 of Appendix 2 to the Offer Document and described in Section 2.4 of this Circular
"ESOS"	:	Shall have the meaning ascribed to it in paragraph 3.4 of Appendix II to this Circular
"Excess Shares"	:	Shall have the meaning ascribed to it in Section 7.3 of the Letter to Shareholders in the Offer Document
"FAA"	:	Form of Acceptance and Authorisation, applicable to Offer Shareholders whose Shares are deposited with CDP
"FAT"	:	Form of Acceptance and Transfer, applicable to Offer Shareholders whose Shares are not deposited with CDP
"First Closing Date"	:	5.30 p.m. (Singapore time) on 3 May 2021
"FY"	:	Financial year ended 31 December
"IFA Letter"	:	The letter dated 19 April 2021 from Novus Corporate Finance Pte. Ltd. to the Independent Directors in relation to the Partial Offer as set out in Appendix I to this Circular
"Independent Directors"	:	The Directors who are considered independent for the purposes of making recommendations to the Shareholders in respect of the Partial Offer, namely Mr. Thomas Sean Murphy, Mr. Edward John Flachbarth, Mr. Ng Loh Ken Peter, Mr. Wong Quee Quee, Jeffrey, and Dr. Lim Puay Koon
"Independent Shareholders"	:	Shareholders as at the Record Date other than the Offeror Concert Party Group and its associates

"**Interested Person**"	:	As defined in the Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an Interested Person, in relation to a company, is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Latest Practicable Date**"	:	12 April 2021, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
"**Management Shareholders**"	:	Mr. Thomas Sean Murphy, Mr. Edward John Flachbarth, Mr. Zachary George Sexton, Mr. Mathew George Jordan, and Mr. Gerald Louis Jeanguenat
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**MS IUs**"	:	Shall have the meaning ascribed to it in Section 11.2 of the Letter to Shareholders in the Offer Document and described in Section 4 of this Circular
"**NT Shares**"	:	Shall have the meaning ascribed to it in Section 1.3.1 of the Letter to Shareholders in the Offer Document and described in Section 1.2 of this Circular

"**NT Transfer**"	:	Shall have the meaning ascribed to it in Section 1.4.1 of the Letter to Shareholders in the Offer Document and described in Section 1.2 of this Circular
"**Offer Announcement**"	:	The announcement in connection with the Partial Offer, released by OCBC, for and on behalf of the Offeror, on the Offer Announcement Date
"**Offer Announcement Date**"	:	15 March 2021, being the date of the Offer Announcement
"**Offer Document**"	:	The offer document dated 5 April 2021 and any other document(s) which may be issued, for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
"**Offer Price**"	:	S$0.365 in cash for each Offer Share acquired pursuant to the Partial Offer
"**Offer Shareholders**"	:	Shareholders to which the Partial Offer relates, as defined in Section 2.2 of the Letter to Shareholders in the Offer Document
"**Offer Shares**"	:	The Shares to which the Partial Offer relates, as defined in Section 2.1 of the Letter to Shareholders in the Offer Document and described in Section 2.1 of this Circular
"**Offeror Concert Party Group**"	:	Shall have the meaning ascribed to it in Section 1.3.3 of the Letter to Shareholders in the Offer Document and described in Section 1.2 of this Circular
"**Offeror Securities**"	:	(a) shares of the Offeror; (b) securities which carry substantially the same rights as any shares of the Offeror; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b)
"**Options**"	:	Options to subscribe for or purchase new shares or existing shares
"**Overseas Shareholders**"	:	Shareholders whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be)
"**Partial Offer**"	:	The voluntary conditional cash partial offer made by OCBC, for and on behalf of the Offeror, to acquire the Relevant Number of Shares (other than those already owned, controlled, or agreed to be acquired by the Offeror and the Concert Parties which, when aggregated with the NT Shares and the ACT Relevant Shares, would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date, in accordance with Rule 16 of the Code

"**PSP**"	:	The Procurri Corporation Performance Share Plan, details of which are set out in Paragraph 3.4 of Appendix II to this Circular
"**Record Date**"	:	5.00 p.m. (Singapore time) on 19 April 2021, being the 14th day before the First Closing Date, on which the Transfer Books and Register will be closed in order to determine the entitlements of the Offer Shareholders to the Partial Offer
"**Register**"	:	The register of holders of the Shares, as maintained by the Registrar
"**Relevant Number**"	:	Shall have the meaning ascribed to it in Section 1.1 of the Letter to Shareholders in the Offer Document
"**Relevant Percentage**"	:	Shall have the meaning ascribed to it in Section 7.2 of the Letter to Shareholders in the Offer Document
"**Relevant Percentage Offer Shares**"	:	Shall have the meaning ascribed to it in Section 7.2 of the Letter to Shareholders in the Offer Document
"**Scale-back**"	:	Shall have the meaning ascribed to it in Section 7.5 of the Letter to Shareholders in the Offer Document
"**Securities Account**"	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account
"**SFA**"	:	Securities and Futures Act (Chapter 289 of Singapore)
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Shareholders**"	:	Holders of the Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST
"**Shareholders' Approval Condition**"	:	Shall have the meaning ascribed to it in Section 3.1 of the Letter to Shareholders in the Offer Document
"**Shares**"	:	Issued ordinary shares in the capital of the Company
"**SRS**"	:	Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under SRS
"**SRS Investors**"	:	Investors who have purchased Shares pursuant to SRS
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore

"**US$**"	:	United States dollars, being the lawful currency of the United States of America
"**VWAP**"	:	Volume weighted average price per Share
"**Warrants**"	:	Rights to subscribe for or purchase new shares or existing shares
"**%**" or "**per cent.**"	:	Per centum or percentage

COMPANIES/ORGANISATIONS

"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**ACT Holdings**"	:	A.C.T Holdings Pte Ltd
"**CDP**"	:	The Central Depository (Pte) Limited
"**Company**"	:	Procurri Corporation Limited
"**Consortium Members**"	:	The shareholders of the Offeror, being NT Fund, UP and CPI
"**CPF**"	:	Central Provident Fund
"**CPI**"	:	Compass Private Investments 2017 Master LP
"**DeClout**"	:	DeClout Pte. Ltd.
"**Group**"	:	The Company and its subsidiaries
"**NEG2**"	:	New Earth Group 2 Ltd.
"**Novus Corporate Finance**" or "**IFA**"	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Partial Offer
"**NT 7 Sub**"	:	NTCP SPV VII
"**NT Fund**"	:	Novo Tellus PE Fund 2, L.P.
"**NTCP**"	:	Novo Tellus Capital Partners Pte. Ltd.
"**OCBC**"	:	Oversea-Chinese Banking Corporation Limited
"**Offeror**"	:	NTCP SPV VIII
"**Registrar**"	:	Tricor Barbinder Share Registration Services
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited

"**SIC**"	:	Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**UP**"	:	University of Pittsburgh – Of the Commonwealth System of Higher Education

Unless otherwise defined, the term "**acting in concert**" shall have the meaning ascribed to it in the Code.

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

The terms "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one (1) gender shall include the other gender. References to persons shall, where applicable, include corporations.

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

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies 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.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics. Capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, any reference to the total number of Shares is a reference to 294,237,973 Shares (excluding treasury shares) as at the Latest Practicable Date (based on the business profile of the Company extracted from ACRA on the Latest Practicable Date), unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 294,237,973 Shares (excluding treasury shares) in issue as at the Latest Practicable Date (based on the business profile of the Company extracted from ACRA on the Latest Practicable Date). As at the Latest Practicable Date, the Company does not hold any treasury shares.

Forward-looking Statements

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

SUMMARY TIMETABLE

Date of despatch of Offer Document	:	5 April 2021
Record Date	:	5.00 p.m. (Singapore time) on 19 April 2021
Despatch of Entitlement Notification Letters	:	On or about 22 April 2021
Closing Date	:	5.30 p.m. (Singapore time) on 3 May 2021 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror)
Settlement of consideration for Offer Shares acquired by the Offeror	:	Within seven (7) Business Days after the Closing Date

PROCURRI CORPORATION LIMITED

(Company Registration No.: 201306969W)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Board of Directors:	**Registered Office:**
Mr. Thomas Sean Murphy	29 Tai Seng Avenue
Mr. Edward John Flachbarth	#02-01
Mr. Ng Loh Ken Peter	Natural Cool Lifestyle Hub
Dr. Lim Puay Koon	Singapore 534119
Mr. Wong Quee Quee, Jeffrey	
Mr. Loke Wai San	

19 April 2021

To: The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY OCBC FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE THE RELEVANT NUMBER OF OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 15 March 2021, OCBC announced, for and on behalf of the Offeror, that the Offeror intends to make the Partial Offer to acquire the Relevant Number of Shares (other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with the Offeror in connection with the Partial Offer (the "Concert Parties")) which, when aggregated with the NT Shares and the ACT Relevant Shares, would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date, in accordance with Rule 16 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at http://www.sgx.com.

1.2 SIC Approval, NT Transfer and ACT Transfer

Details on, *inter alia*, the SIC's grant of consent to the Offeror to making the Partial Offer, the NT Transfer and the ACT Transfer have been extracted from Sections 1.2, 1.3, 1.4 and 1.5 of the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***1.2 SIC Approval.*** *The SIC has granted its consent to the Offeror for the making of the Partial Offer subject to the conditions set out in Rule 16.4 of the Code. In compliance with the condition in Rule 16.4(b) of the Code, the Offeror has confirmed and provided undertakings to the SIC that the Offeror and its Concert Parties did not and will not acquire any Shares (excluding Shares acquired by them via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings in the Company):*

1.2.1 *in the six months prior to the Offer Announcement Date;*

1.2.2 *during the offer period (except pursuant to the Partial Offer); and*

1.2.3 *save for the NT Transfer and the ACT Transfer, during a period of six months after the close of the Partial Offer, if the Partial Offer becomes unconditional as to acceptances.*

1.3 ***Aggregate Holding.*** *As at the Latest Practicable Date:*

1.3.1 *NT 7 Sub is a substantial Shareholder holding 57,402,978 Shares (the "**NT Shares**"),* representing 19.51% of the Shares;

1.3.2 *ACT Holdings is a substantial Shareholder holding 26,917,000 Shares, representing 9.15% of the Shares; and*

1.3.3 *based on the latest information available to the Offeror, the Shareholders other than the Offeror and its Concert Parties (the "**Offeror Concert Party Group**")* hold 209,417,995 Shares, representing approximately 71.17% of the total number of Shares (excluding treasury shares).

1.4 ***NT Transfer and ACT Transfer.*** *Subject to the Partial Offer becoming unconditional in all respects, it is contemplated that:*

1.4.1 *NT 7 Sub will transfer the NT Shares to the Offeror on or about the close of the Partial Offer (the "**NT Transfer**")* at a price for each Share which is no higher than the Offer Price, which will be satisfied by the allotment and issue of shares in the Offeror; and

1.4.2 *ACT Holdings will transfer 10,530,900 Shares (the "**ACT Relevant Shares**")* to the Offeror on or about the close of the Partial Offer (the "***ACT Transfer***") at the Offer Price for each Share.

The SIC has confirmed that: (i) the Offeror will not be obliged to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the NT Transfer and the ACT Transfer; and (ii) the NT Transfer and the ACT Transfer will be disregarded for the purposes of Rule 16.4(b) of the Code.

1.5 ***ACT Holdings' Undertaking Not to Vote.*** *ACT Holdings has agreed to abstain from voting on the Partial Offer as it is a Concert Party by virtue of Mr. Toh Ban Leng, James, a director and shareholder of ACT Holdings, also being a shareholder of NEG2, the general partner of the NT Fund (being one of the Consortium Members), and a director of NTCP, which is the investment advisor to NEG2."*

1.3 Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Partial Offer. The principal terms and conditions of the Partial Offer are set out in Sections 2 and 3 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Partial Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.4 Independent Financial Adviser

Novus Corporate Finance has been appointed as the independent financial adviser to the Independent Directors in relation to the Partial Offer.

1.5 Letter from DeClout

On 14 April 2021, the Company announced the receipt of a letter from DeClout, a substantial shareholder of the Company, indicating that DeClout intends to vote against the Partial Offer at the current offer price of S$0.365 per Share. A copy of the aforementioned announcement is available on the website of the SGX-ST at www.sgx.com.

1.6 Purpose of the Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Partial Offer and to set out the recommendation of the Independent Directors and the advice of Novus Corporate Finance to the Independent Directors in relation to the Partial Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix I to this Circular carefully and consider the recommendation of the Independent Directors and the advice of Novus Corporate Finance to the Independent Directors in relation to the Partial Offer before deciding whether to vote on and/or accept or reject the Partial Offer.

If you are in any doubt about the Partial Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE PARTIAL OFFER

2.1 Terms and Conditions of the Partial Offer

The Partial Offer is made by the Offeror on the principal terms and conditions set out in Sections 2 and 3 of the Letter to Shareholders in the Offer Document, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"***2. TERMS OF THE PARTIAL OFFER***

2.1 Offer Shares. *The Partial Offer is made to acquire the Relevant Number of Shares which, when aggregated with the NT Shares and the ACT Relevant Shares, would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date.*

*The Partial Offer is extended to all the Shares (excluding treasury shares), other than Shares already owned, controlled or agreed to be acquired by the Offeror Concert Party Group (the "**Offer Shares**").*

Assuming that there is no change to the total number of Shares (excluding treasury shares) between the Latest Practicable Date and the Record Date, the Relevant Number of Offer Shares to be acquired pursuant to the Partial Offer will be 82,127,488 Shares, representing approximately 27.91% of the total number of Shares (excluding treasury shares).

2.2 Offer Shareholders. *The Partial Offer is extended to all Shareholders as at the Record Date, other than the Offeror and its Concert Parties (the "**Offer Shareholders**").*

2.3 ***Offer Price.*** *The consideration for each Offer Share acquired pursuant to the Partial Offer is:*

For each Offer Share: S$0.365 in cash

2.4 ***No Encumbrances.*** *The Offer Shares will be acquired (i) fully paid, (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (collectively, the "****Encumbrances****"),* and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) which may be declared, paid or made by the Company in respect of the Offer Shares (collectively, "***Distributions****") on or after the Offer Announcement Date.*

2.5 ***Adjustment for Distributions.*** *Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.*

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date to an Offer Shareholder who validly accepts or has validly accepted the Partial Offer, the Offer Price payable to such accepting Offer Shareholders shall be reduced by an amount which is equal to the amount of such Distribution depending on when the settlement date in respect of the Shares tendered in acceptance by such accepting Offer Shareholder pursuant to the Partial Offer falls, as follows:

2.5.1 i*f such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "****Books Closure Date****"), the Offer Price shall remain unadjusted for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; or*

2.5.2 *if such settlement date falls after the Books Closure Date, the Offer Price shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from the Company.*

2.6 ***Awards.*** *As at the Latest Practicable Date, based on the latest information available to the Offeror, the Company has the following awards (the "****Awards****") granted under the Procurri Corporation Performance Share Plan ("****PSP****") which are exercisable into 616,900 Shares.*

The terms of the PSP provide that the Awards are not transferable unless with the prior approval of the committee administering the PSP. Accordingly, the Partial Offer will not be extended to holders of the Awards. However, the Offer Shareholders can participate in the Partial Offer in respect of any Shares which are allotted and issued on or prior to the Record Date pursuant to the valid vesting and/or release of such Awards.

*Assuming that all the Awards are vested and/or released into Shares on or prior to the Record Date, the Company will have 294,854,873 Shares in aggregate (excluding treasury shares) (the "****Fully Diluted Share Capital****").*

*3. **CONDITIONS TO THE PARTIAL OFFER***

*The Partial Offer is subject to the conditions set out in this **Section 3.***

*3.1 **Shareholders' Approval.** The Offeror having received, by the Closing Date, approval of the Partial Offer by the Independent Shareholders representing more than 50.00% of the valid votes received from the Independent Shareholders (the "**Shareholders' Approval Condition**"); and*

*3.2 **Minimum Acceptances.** The Offeror having received, by the Closing Date, valid acceptances in respect of not less than the Relevant Number of Offer Shares which, when aggregated with the NT Shares and the ACT Relevant Shares, will represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date.*

Save as provided in this Section 3, the Partial Offer is unconditional in all other respects."

2.2 Details of the Partial Offer

Further details on (i) the duration of the Partial Offer; (ii) the settlement of the consideration for the Partial Offer; (iii) requirements relating to announcement of the level of acceptances of the Partial Offer; (iv) the right of withdrawal of acceptances; and (v) the Relevant Percentage and Scale-back are set out in Appendix 1 to the Offer Document.

2.3 First Closing Date

Shareholders should note that the Partial Offer is open for acceptance by the Offer Shareholders for at least 28 days from the Commencement Date, unless the Partial Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Partial Offer will close at 5.30 p.m. (Singapore time) on 3 May 2021 (being the First Closing Date) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.4 Procedures for Voting and Acceptances

The procedures for voting and acceptance of the Partial Offer are set out in Appendix 2 to the Offer Document. As stated in Appendix 2 to the Offer Document, a letter (the "**Entitlement Notification Letter**") will be despatched to Offer Shareholders after the Record Date to notify them, *inter alia*, of (i) the number of Shares held in their Securities Account as at Record Date in respect of which they are entitled to vote on the Partial Offer and (ii) their Relevant Percentage Offer Shares.

For the avoidance of doubt, for Offer Shareholders who are unsure about the number of Shares they hold in their Securities Account as at the Record Date and/or there is any change in their shareholdings since the Record Date, they may wait until they receive the Entitlement Notification Letter after the Record Date which will notify them of the Relevant Percentage Offer Shares as at the Record Date, before completing the relevant Acceptance Form.

3. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS

Details on the Offeror and the Consortium Members have been extracted from Section 9 of the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***9. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS***

9.1 Offeror. *The Offeror is an exempted company incorporated with limited liability in the Cayman Islands for the purposes of making the Partial Offer and is held by the Consortium Members. The Offeror's principal activity is that of an investment holding company and it has not carried on any business since its incorporation, save for matters undertaken in connection with the making of the Partial Offer.*

As at the Latest Practicable Date:

(i) the Offeror has an authorised share capital of US$50,000 divided into 25,000 Class A shares of a nominal or par value of US$1.00 each and 25,000 Class B shares of a nominal or par value of US$1.00 each, of which 746 Class A shares and 254 Class B shares have been issued and are fully paid-up and are held by the Consortium Members in the number specified against their respective names in Section 9.2; and

(ii) the Directors are Mr. Keith Toh and Mr. Irwin Lim.[1]

Further information on the Offeror is set out in Appendix 3 to this Offer Document.

9.2 Share Capital of the Offeror. *As at the Latest Practicable Date, the Consortium Members hold the Offeror in the following proportion:*

No.	***Name of Consortium Member***	***Number of shares held in the Offeror***	***% of shares held in the Offeror***
1	*NT Fund*	*746 Class A shares*	*74.60*
2	*UP*	*226 Class B shares*	*22.60*
3	*CPI*	*28 Class B shares*	*2.80*

The Consortium Members have each agreed that it will not, without the prior written consent of the other Consortium Members, transfer all or any part of, or otherwise sell, dispose of or deal with all or any part of its interest in their shares in the Offeror to any person up to and on the earlier of the date (a) (in the event the Partial Offer becomes or is declared unconditional in accordance with its terms) falling one year after the close of the Partial Offer; and (b) the Partial Offer lapsing, failing to become or be declared unconditional or being withdrawn (with, in each case, if applicable, the consent of the SIC). At the expiry of such period, the Consortium Members may transfer their shares in the Offeror subject to certain restrictions on transfer and certain conditions being satisfied.

[1] Only NT Fund shall be entitled to appoint directors to the board of the Offeror.

9.3 ***NT Fund.*** *NT Fund is a Cayman Islands exempted limited partnership and NT 7 Sub, its wholly-owned subsidiary, is an exempted company with limited liability incorporated in the Cayman Islands holding 57,402,978 Shares, representing 19.51% of the Shares as at the Latest Practicable Date.*

9.4 ***UP.*** *UP is a university endowment fund incorporated in the United States of America.*

9.5 ***CPI.*** *CPI is an investment fund incorporated in the Cayman Islands.*"

4. IRREVOCABLE UNDERTAKINGS

The full text of the undertakings provided by each of the Management Shareholders has been extracted from Section 11 of the Letter to Shareholders in the Offer Document, and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***11. IRREVOCABLE UNDERTAKINGS***

11.1 ***Management Shareholders.*** *The following key staff (who are also Offer Shareholders) are deeply integrated into the business of the Company Group based on their experience managing the day-to-day operations of the Company Group and their long-standing service with the Company Group:*

No.	***Name of Management Shareholder***	***Current position in the Company Group***	***Number of Shares held***	***% of Shares held***
1	*Mr. Thomas Sean Murphy*	*Chairman, Global Chief Executive Officer*	*10,518,211*	*3.57*
2	*Mr. Edward John Flachbarth*	*Executive Director, Global President & Global Head of Maintenance*	*9,858,456*	*3.35*
3	*Mr. Zachary George Sexton*	*Worldwide Director of Global Accounts*	*6,092,987*	*2.07*
4	*Mr. Mathew George Jordan*	*Global Head of Lifecycle Services, Hardware & Distribution*	*3,405,000*	*1.16*
5	*Mr. Gerald Louis Jeanguenat*	*Global Head of Maintenance Sales*	*4,830,184*	*1.64*

*(collectively, the "**Management Shareholders**").*

11.2 Irrevocable Undertakings from the Management Shareholders. *As at the Latest Practicable Date, the Offeror has received an irrevocable undertaking from each of the Management Shareholders (the "**MS IUs**") pursuant to which each of the Management Shareholders has undertaken to:*

11.2.1 *tender 50% of his Shares in acceptance of the Partial Offer in return for the cash consideration payable to him by the Offeror under the terms of the Partial Offer; and*

11.2.2 *exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.*

11.3 Termination of the MS IUs. *Each MS IU will terminate or lapse upon the Partial Offer being withdrawn, lapsing, or failing to be declared unconditional in all respects in accordance with its terms.*

11.4 No Other Undertakings. *Save for the MS IUs, as at the Latest Practicable Date, neither the Offeror nor any Concert Party has received any undertakings from any other party to accept or reject the Partial Offer.*

11.5 Available for Inspection. *Copies of the MS IUs are available for inspection at the offices of the Registrar at Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 during normal business hours upon prior appointment with the Registrar at + 65 6227 6660, until the date on which the Partial Offer closes, lapses or is withdrawn in accordance with its terms.*"

5. RATIONALE FOR THE PARTIAL OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Partial Offer and the Offeror's intentions for the Company has been extracted from Section 12 of the Letter to Shareholders in the Offer Document respectively, and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

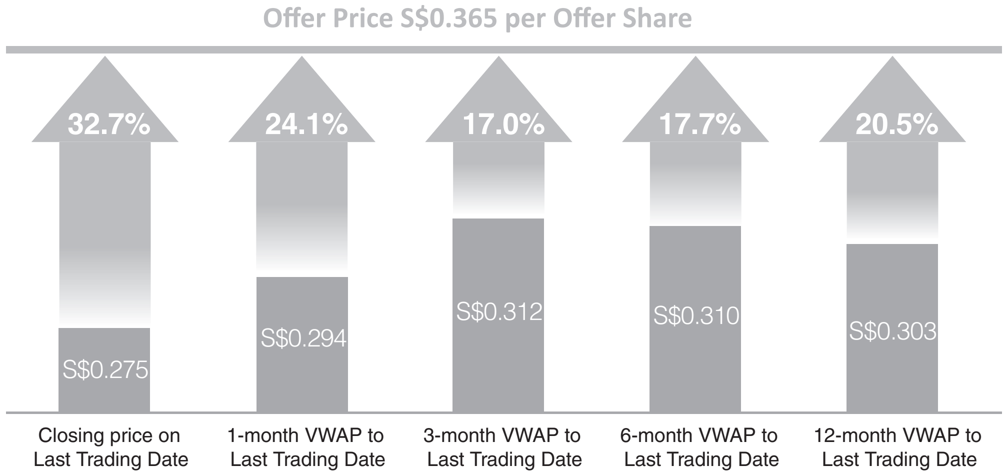
"***12. RATIONALE FOR THE PARTIAL OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY***

12.1 Rationale. *The Offeror intends to make the Partial Offer of S$0.365 in cash for each Offer Share to acquire approximately 27.91%*[1] *of the total number of Shares (excluding treasury shares and Shares held by the Offeror and the Concert Parties) as at the Record Date. The Offer Price implies the premia of:*

(i) *approximately 32.7% over the last traded price per Share as quoted on the SGX-ST on 10 March 2021, being the last full day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date (the "**Last Trading Date**"); and*

(ii) *approximately 24.1%, 17.0%, 17.7% and 20.5% over the volume weighted average price per Share (the "**VWAP**") for the one-month, three-month, six-month and 12-month periods prior to and including the Last Trading Date; and*

[1] Calculated based on 294,237,973 Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that there is no change to the total number of Shares (excluding treasury shares) and the total number of Shares held by the Offeror and Concert Parties as at the Record Date.



(iii) *approximately 5.8% over the highest closing price per Share in the last 12-month period prior to and including the Last Trading Date.*

The Partial Offer, if successful, will allow the Offeror to increase its direct holdings (including the NT Shares and the ACT Relevant Shares) in the Company to 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date.

The Offeror believes the Company faces a very challenging transition with difficult short-term market outlook and uncertain market conditions. The global COVID-19 disruption in the key markets of the Company has made it more difficult for the Company to sell its solutions. The Offeror believes that the Company must also invest to upgrade its operations and systems to remain competitive in the fast-moving global data centre hardware industry. As a result, the Offeror believes that the earnings prospects of the Company may be depressed and the Company may not be in a position to pay dividends in the next few years.

Consequently, the Offeror believes the Partial Offer provides Offer Shareholders with the opportunity to realise an optimal value for their investment through:

- *an attractive cash premium of 32.7% to the closing price of S$0.275 per Share on 10 March 2021, being the Last Trading Date, alongside the flexibility to tender between 0% and 100% of their Shares in acceptance of the Partial Offer; and*

- *the opportunity to continue holding a portion of their Shares to participate in the future financial performance of the Company, as the Company will remain publicly traded following the Partial Offer.*

The Partial Offer reflects the Offeror's view that while the current business and economic outlook present a number of challenges for the Company, there is inherent long term value in the Company's businesses.

Following the successful close of the Partial Offer, the Offeror intends to work with the board of directors of the Company in undertaking a comprehensive strategic review of its businesses with the objective of creating sustainable value for all Shareholders through investing in long-term growth for the business. The Offeror expects that creating sustainable value through such actions may take several years.

12.2 Current Intentions. *The Offeror intends for the Company to continue with its existing activities and has no intention to, in connection with or as a result of the Partial Offer, (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.*"

6. TEMPORARY TRADING COUNTER FOR TRADING OF ODD-LOTS

Details of the temporary trading counter for trading of odd-lots, in connection with the Partial Offer, is set out in Section 16 of the Letter to Shareholders in the Offer Document.

7. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Shares and shares in the Offeror as at the Latest Practicable Date are set out in Appendix II to this Circular.

8. ADVICE AND RECOMMENDATION IN RELATION TO THE PARTIAL OFFER

8.1 Independence of Directors

As stated in the Offer Announcement, Mr. Loke Wai San is the co-founder and Chief Executive Officer of NTCP, which is the investment advisor to NEG2, which in turn is the general partner of NT Fund (being one of the Consortium Members), as well as a director of NEG2.

In view of the above, the Offeror had sought and obtained a ruling from SIC *inter alia*, that Mr. Loke Wai San, a Non-Independent and Non-Executive Director, be exempted from making a recommendation to Shareholders in respect of the Partial Offer. Mr. Loke Wai San must, however, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

All of the Independent Directors consider themselves independent for the purposes of making a recommendation to Shareholders in respect of the Partial Offer.

8.2 IFA's Opinion and Advice to the Independent Directors on the Partial Offer

The IFA Letter setting out the opinion and advice of the IFA to the Independent Directors in relation to the Partial Offer is set out in Appendix I to this Circular.

The opinion and advice of the IFA to the Independent Directors in relation to the Partial Offer has been extracted from the IFA Letter and is set out below. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

"*9.* OPINION AND ADVICE

9.1 Our Opinion

In arriving at our opinion on the financial terms of the Partial Offer, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(a) notwithstanding the slight increase in the Group's revenue from approximately S$220.2 million in FY2018 to approximately S$233.5 million in FY2020, its pre-tax profit had decreased from approximately S$10.1 million in FY2018 to approximately S$4.0 million in FY2020 while its net profit attributable to owners of the Company had decreased from approximately S$5.3 million in FY2018 to approximately S$2.7 million in FY2020. Excluding the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the PPP, the Group would have recorded a net loss attributable to owners of the Company in FY2020;

(b) the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, and represents a premium of approximately 23.7% over the closing price of the Shares of S$0.295 on the Last Trading Day;

(c) the Offer Price represents:

(i) a premium of approximately 17.1%, 18.0%, 17.1% and 24.4% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;

(ii) a premium of approximately 4.0% over the VWAP of the Shares of S$0.3508 for the period after the Offer Announcement and up to the Latest Practicable Date; and

(iii) a marginal premium of approximately 1.4% over the closing price of the Shares of S$0.360 on the Latest Practicable Date;

(d) the Shares had generally outperformed the FTFSTAS Index during the one-year period prior to and including the Last Trading Day, and the closing prices of the Shares had increased by approximately 22.0% while the FTFSTAS Index had increased marginally by approximately 2.6% between the Last Trading Day and the Latest Practicable Date;

(e) the Offer Price represents a significant premium of approximately 104.6% over the NAV per Share of S$0.1784 (based on 294,237,973 issued Shares) as at 31 December 2020 and would value the Group at a P/NAV ratio of 2.05 times;

(f) *in respect of the Comparable Companies:*

  (i) *the LTM P/E ratio of the Company of 39.8 times (as implied by the Offer Price) is (aa) within the range of LTM P/E ratios of the Comparable Companies of between 5.5 times and 189.7 times, and (bb) significantly above the mean and median LTM P/E ratios of the Comparable Companies of 12.8 times and 8.1 times respectively;*

  (ii) *the LTM EV/EBITDA ratio of the Company of 7.7 times (as implied by the Offer Price) is (aa) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 1.4 times and 78.0 times, (bb) below the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.8 times, and (cc) above the median LTM EV/EBITDA ratio of the Comparable Companies of 6.8 times; and*

  (iii) *the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies of between 0.95 times and 11.78 times, and (bb) above the mean and median P/NAV ratios of the Comparable Companies of 1.47 times and 1.23 times respectively;*

(g) *in respect of the Precedent POs:*

  (i) *the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) significantly above the range of premia of the Precedent POs of between 5.9% and 11.1%, and (bb) significantly above the corresponding mean premium of the Precedent POs of 8.5%;*

  (ii) *the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) above the range of premia of the Precedent POs of between 9.3% and 17.1%, and (bb) significantly above the corresponding mean premium of the Precedent POs of 13.2%;*

  (iii) *the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent POs of between 9.8% and 18.1%, and (bb) above the corresponding mean premium of the Precedent POs of 14.0%;*

  (iv) *the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent POs of between 18.0% and 18.7%, and (bb) close to the corresponding mean premium of the Precedent POs of 18.4%; and*

  (v) *the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) significantly above the range of offer price-to-NAV/NTA ratios of the Precedent POs of between 0.50 times and 1.13 times, and (bb) significantly above the corresponding mean offer price-to-NAV/NTA ratio of the Precedent POs of 0.82 times;*

(h) in respect of the Precedent Non-Privatisations:

(i) the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 75.0%, and (bb) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 13.0% and 7.3% respectively;

(ii) the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 79.4% and a premium of 85.9%, and (bb) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 7.3% and 11.3% respectively;

(iii) the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.6% and a premium of 88.9%, and (bb) above the corresponding mean and median premia of the Precedent Non-Privatisations of 9.5% and 15.1% respectively;

(iv) the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 78.6%, and (bb) above the corresponding mean and median premia of the Precedent Non-Privatisations of 10.5% and 17.8% respectively; and

(v) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of between 0.32 times and 18.56 times, and (bb) significantly above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of 0.79 times and 0.85 times respectively;

(i) the Offer Price is within the Estimated Theoretical Valuation Range of between S$0.3253 and S$0.4107 per Share;

(j) the Company will remain listed on the SGX-ST after the close of the Partial Offer, regardless of whether the Partial Offer is successful in becoming unconditional in all respects or the Partial Offer does not become unconditional in all respects and lapses;

(k) the Offer Price represents a premium of approximately 10.6% over the transacted price of S$0.33 for the acquisitions of Shares by NTCP SPV VII and ACT Holdings during the 3-year period prior to the Offer Announcement Date;

(l) the DeClout Purchases at average transacted prices of between S$0.33449 and S$0.3650 during the period between 25 March 2021 and the Latest Practicable Date; and

(m) as at the Latest Practicable Date, apart from the Partial Offer being made by the Offeror, no other third party has made a firm offer for the Company.

*Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Partial Offer are **fair and reasonable**.*

*In determining that the Partial Offer is **fair**, we have considered the following pertinent factors:*

(i) the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, and represents (aa) a premium over the closing price of the Shares on the Last Trading Day, (bb) a premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc) a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (dd) a marginal premium over the closing price of the Shares on the Latest Practicable Date;

(ii) the Offer Price represents a significant premium over the NAV per Share as at 31 December 2020; and

(iii) the Offer Price is within the Estimated Theoretical Valuation Range.

*In determining that the Partial Offer is **reasonable**, we have considered the following pertinent factors:*

(i) the Group 's profitability had been deteriorating from FY2018 to FY2020 and, excluding the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the PPP, the Group would have recorded a net loss attributable to owners of the Company in FY2020;

(ii) in respect of the Comparable Companies, although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is below the mean LTM EV/EBITDA ratio of the Comparable Companies, (aa) the LTM P/E ratio of the Company (as implied by the Offer Price) is significantly above the mean and median LTM P/E ratios of the Comparable Companies, (bb) the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is above the median LTM EV/EBITDA ratio of the Comparable Companies, and (cc) the P/NAV ratio of the Company (as implied by the Offer Price) is above the mean and median P/NAV ratios of the Comparable Companies;

(iii) in respect of the Precedent POs, (aa) the premium of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP of the Shares up to and including the Last Trading Day is significantly above the corresponding mean premium of the Precedent POs, (bb) the premium of the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is above the corresponding mean premium of the Precedent POs, (cc) the premium of the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day is close to the corresponding mean premium of the Precedent POs, and (dd) the P/NAV ratio of the Company (as implied by the Offer Price) is significantly above the corresponding mean offer price-to-NAV/NTA ratio of the Precedent POs;

(iv) in respect of the Precedent Non-Privatisations, (aa) the premium of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP of the Shares up to and including the Last Trading Day is significantly above the corresponding mean and median premia of the Precedent Non-Privatisations, (bb) the premium of the Offer Price over the 3-month and 6-month VWAP of the Shares up to and including the Last Trading Day is above the corresponding mean and median premia of the Precedent Non-Privatisations, and (cc) the P/NAV ratio of the Company (as implied by the Offer Price) is significantly above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations;

(v) the Company will remain listed on the SGX-ST after the close of the Partial Offer, regardless of whether the Partial Offer is successful in becoming unconditional in all respects or the Partial Offer does not become unconditional in all respects and lapses;

(vi) the Offer Price represents a premium of approximately 10.6% over the transacted price of S$0.33 for the acquisitions of Shares by NTCP SPV VII and ACT Holdings during the 3-year period prior to the Offer Announcement Date; and

(vii) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.

9.2 Our Advice

Accordingly, we advise the Independent Directors to recommend that Shareholders (a) ***vote in favour of*** *the Partial Offer, and (b)* ***accept*** *the Partial Offer. As at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects and is subject to the Shareholders' Approval Condition and the Minimum Acceptances Condition.*

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Partial Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the financial terms of the Partial Offer. The recommendation made by them to the Shareholders in relation to the Partial Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Partial Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter."

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

8.3 Recommendation of the Independent Directors

The Independent Directors have reviewed and considered carefully the terms of the Partial Offer, and the opinion and advice of the IFA in the IFA Letter. The Independent Directors concur with the IFA's opinion and advice, as extracted from the IFA Letter and reproduced in paragraph 8.2 above. Accordingly, the Independent Directors recommend that Shareholders vote in favour of and accept the Partial Offer.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the IFA Letter set out in Appendix I to this Circular carefully before deciding whether to vote in favour of or against and/or accept or reject the Partial Offer. Shareholders should note that the IFA's opinion and advice to the Independent Directors in relation to the Partial Offer should not be relied upon by any Shareholder as the sole basis for deciding whether to vote in favour of and/or accept the Partial Offer.

In making their recommendations, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

9. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 18 of the Letter to Shareholders in the Offer Document, which is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***18. OVERSEAS SHAREHOLDERS***

18.1 Overseas Shareholders. *This Offer Document, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document, the Acceptance Forms and/or any related documents, in each case in any jurisdiction in contravention of applicable law. The Partial Offer is not being made into any jurisdiction in which the making or acceptance of the Partial Offer would not be in compliance with the laws of such jurisdiction.*

Where there are potential restrictions on sending this Offer Document (including the Acceptance Forms and/or any related documents) to any overseas jurisdictions, requirements imposed by the relevant regulatory body or stock exchange in such overseas jurisdictions or where it may not be expedient to do so, the Offeror and OCBC each reserves the right not to send this Offer Document, the Acceptance Forms and/or any related documents to such overseas jurisdictions. The availability of the Partial Offer to Offer Shareholders whose addresses are outside Singapore as shown in the register of shareholders of the Company or, as the case may be, in the records of CDP (collectively, "Overseas Shareholders") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

For the avoidance of doubt, the Partial Offer will be open to all Offer Shareholders, including those to whom this Offer Document (including the Acceptance Forms and/or any related documents) have not been, or will not be, sent.

18.2 Copies of Offer Document. *Offer Shareholders and Overseas Shareholders (subject to compliance with applicable laws) may obtain copies of this Offer Document, the Acceptance Forms and any related documents, during normal business hours up to 5.30 p.m. (Singapore time) on the Closing Date (if he is a scripholder) from the Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 or (if he is a depositor) from The Central Depository (Pte) Limited by submitting a request to CDP via phone (+65 6535 7511) or email services (asksgx@sgx.com) or by post to The Central Depository (Pte) Limited at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589.*

Alternatively, Offer Shareholders and Overseas Shareholders may (subject to compliance with applicable laws) write to the Offeror at NTCP SPV VIII c/o Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 (if he is a scrip holder) or to The Central Depository (Pte) Limited at Robinson Road Post Office P.O. Box 1984, Singapore 903394 (if he is a depositor), to request for this Offer Document, the Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

Copies of this Offer Document and the Acceptance Forms are also available on the website of the SGX-ST at www.sgx.com.

18.3 Overseas Jurisdiction. *It is the responsibility of any Overseas Shareholder who wishes (a) to request for this Offer Document (including the Acceptance Forms) and/or any related documents; and/or (b) to vote on and/or accept the Partial Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Adviser, CDP and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Partial Offer.*

In (i) requesting for this Offer Document (including the Acceptance Forms) and/or any related documents; and/or (ii) voting on and/or accepting the Partial Offer, the Overseas Shareholder represents and warrants to the Offeror, the Financial Adviser, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. ***If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.***

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

10. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 19 of the Letter to Shareholders in the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***19. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS***

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

CPFIS Investors and SRS Investors who wish to vote on and/or accept the Partial Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). Subject to the Partial Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Partial Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be)."

11. ACTION TO BE TAKEN BY SHAREHOLDERS

11.1 Voting on the Partial Offer

Independent Shareholders who wish to vote for or against the Partial Offer in respect of all or any number of Offer Shares held by them as at the Record Date must abide by the procedures for the voting on the Partial Offer as set out in Section 7.1 of the Letter to Shareholders in the Offer Document, Appendix 2 to the Offer Document and the Acceptance Form.

11.2 Acceptance of the Partial Offer

Offer Shareholders who wish to accept the Partial Offer in respect of all or any number of Offer Shares held by them as at the Record Date must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Partial Offer as set out in Section 7.2 of the Letter to Shareholders in the Offer Document, Appendix 2 to the Offer Document and the Acceptance Form.

Acceptances should be completed and returned as soon as possible so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA), or Tricor Barbinder Share Registration Services (in respect of the FAT), as the case may be, no later than 5.30 p.m. (Singapore time) on the Closing Date.

Offer Shareholders who do not wish to vote on and accept the Partial Offer need not take any further action in respect of the Offer Document and the Acceptance Form which have been sent to them.

11.3 Timing for Voting and Acceptance

An Offer Shareholder may vote on the Partial Offer and/or tender Offer Shares for acceptance under the Partial Offer at the same time or at separate times provided that such votes and/or acceptances must be received by the Offeror c/o CDP or the Offeror c/o Tricor Barbinder Share Registration Services (as the case may be) no later than 5.30 p.m. (Singapore time) on the Closing Date in accordance with the procedures set out in Appendix 2 to the Offer Document and the instructions printed on the Acceptance Form.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed herein (other than the IFA Letter for which the IFA has taken responsibility) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular (other than the IFA Letter for which the IFA has taken responsibility) misleading, and they jointly and severally accept responsibility accordingly.

Where any information in this Circular (other than the IFA Letter for which the IFA has taken responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced herein.

Yours faithfully
For and on behalf of the Board
PROCURRI CORPORATION LIMITED

Thomas Sean Murphy
Chairman and Global Chief Executive Officer

LETTER FROM NOVUS CORPORATE FINANCE PTE. LTD. TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PARTIAL OFFER

NOVUS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

19 April 2021

To: The Independent Directors of Procurri Corporation Limited (the "**Company**")
(in respect of the Partial Offer (as defined below))

Mr. Thomas Sean Murphy
Mr. Edward John Flachbarth
Mr. Ng Loh Ken Peter
Mr. Wong Quee Quee, Jeffrey
Dr. Lim Puay Koon

Dear Sirs,

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY OVERSEA-CHINESE BANKING CORPORATION LIMITED, FOR AND ON BEHALF OF NTCP SPV VIII, FOR THE OFFER SHARES

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 19 April 2021 (the "**Circular**") issued by the Company to the shareholders of the Company shall have the same meanings herein.*

1. INTRODUCTION

On 15 March 2021 (the "**Offer Announcement Date**"), Oversea-Chinese Banking Corporation Limited ("**OCBC**") announced (the "**Offer Announcement**"), for and on behalf of NTCP SPV VIII (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash partial offer (the "**Partial Offer**") to acquire such number of issued ordinary shares (the "**Shares**") in the capital of the Company (other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with the Offeror in connection with the Partial Offer (the "**Concert Parties**")) (the "**Offer Shares**") which, when aggregated with the NT Shares (as defined herein) and the ACT Relevant Shares (as defined herein), would represent 51.00% of the total number of Shares (excluding treasury shares), as at a record date (the "**Record Date**") for the purpose of determining the entitlements of the shareholders of the Company (the "**Shareholders**") other than the Offeror and the Concert Parties (the "**Offer Shareholders**") to the Partial Offer, in accordance with Rule 16 of the Singapore Code on Take-overs and Mergers (the "**Code**").

On 5 April 2021, OCBC issued, for and on behalf of the Offeror, the offer document dated 5 April 2021 (the "**Offer Document**") containing, *inter alia*, the terms and conditions of the Partial Offer.

In connection with the Partial Offer, Novus Corporate Finance Pte. Ltd. ("**NCF**") has been appointed by the Company as the independent financial adviser (the "**IFA**") to the directors of the Company (the "**Directors**") who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Partial Offer (the "**Independent Directors**"). This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation of the financial terms of the Partial Offer and our opinion and advice thereon, and forms part of the Circular providing, *inter alia*, details of the Partial Offer and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors on the financial terms of the Partial Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Partial Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Partial Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Partial Offer or on the future prospects of the Company and its subsidiaries (collectively, the "**Group**") or the method and terms by which the Partial Offer has been made or any other alternative methods by which the Partial Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, 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 opinion and advice as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Partial Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Partial Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on the information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company (the "**Management**"), the Directors and the Company's solicitors and/or auditors (where relevant). We have not independently verified such information and representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information and representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Partial Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Partial Offer, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Partial Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group in our evaluation of the Partial Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any independent valuation or appraisal reports of the assets and liabilities of the Group.

Our analysis, opinion and advice as set out in this Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 12 April 2021 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Partial Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to vote in favour of the Partial Offer and/or accept the Partial Offer.

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

Our opinion and advice in respect of the Partial Offer, as set out in paragraph 9 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE PARTIAL OFFER

Subject to the terms and conditions set out in the Offer Document and the accompanying relevant forms of acceptance for the Partial Offer, for and on behalf of the Offeror, OCBC has made the Partial Offer for all the Offer Shares in accordance with Rule 16 of the Code on the following basis:

3.1 Offer Shares

The Partial Offer is made to acquire such number of Shares (the "**Relevant Number**") which, when aggregated with the NT Shares and the ACT Relevant Shares, would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date.

The Partial Offer is extended to all the Shares (excluding treasury shares), other than Shares already owned, controlled or agreed to be acquired by the Offeror and the Concert Parties (collectively, the "**Offeror Concert Party Group**").

Assuming that there is no change to the total number of Shares (excluding treasury shares) between the Latest Practicable Date and the Record Date, the Relevant Number of Offer Shares to be acquired pursuant to the Partial Offer will be 82,127,488 Shares, representing approximately 27.91% of the total number of Shares (excluding treasury shares).

3.2 Offer Shareholders

The Partial Offer is extended to all Shareholders as at the Record Date, other than the Offeror and the Concert Parties.

3.3 Offer Price

The consideration for each Offer Share (the "**Offer Price**") acquired pursuant to the Partial Offer is as follows:

For each Offer Share: S$0.365 in cash

3.4 No Encumbrances

The Offer Shares will be acquired (a) fully paid, (b) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (collectively, the "**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) which may be declared, paid or made by the Company in respect of the Offer Shares (collectively, "**Distributions**") on or after the Offer Announcement Date.

3.5 Adjustment for Distributions

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date to an Offer Shareholder who validly accepts or has validly accepted the Partial Offer, the Offer Price payable to such accepting Offer Shareholders shall be reduced by an amount which is equal to the amount of such Distribution depending on when the settlement date in respect of the Shares tendered in acceptance by such accepting Offer Shareholders pursuant to the Partial Offer falls, as follows:

(a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Offer Price shall remain unadjusted for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; or

(b) if such settlement date falls after the Books Closure Date, the Offer Price shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from the Company.

3.6 Conditions to the Partial Offer

The Partial Offer is subject to the following conditions:

(a) **Shareholders' Approval**: the Offeror having received, by the first closing date on 3 May 2021 at 5.30 p.m. (the "**First Closing Date**") or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day and time for the lodgement of votes on and acceptances of the Partial Offer (the "**Closing Date**"), approval of the Partial Offer by the Shareholders as at the Record Date (other than the Offeror Concert Party Group and its associates) (the "**Independent Shareholders**") representing more than 50.00% of the valid votes received from the Independent Shareholders (the "**Shareholders' Approval Condition**"); and

(b) **Minimum Acceptances**: the Offeror having received, by the Closing Date, valid acceptances in respect of not less than the Relevant Number of Offer Shares which, when aggregated with the NT Shares and the ACT Relevant Shares, would represent 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date (the "**Minimum Acceptances Condition**").

Save as disclosed above, the Partial Offer is unconditional in all respects.

As at 26 March 2021 (being the latest practicable date of the Offer Document), (a) NTCP SPV VII is a substantial Shareholder holding 57,402,978 Shares, representing 19.51% of the Shares (the "**NT Shares**"), (b) A.C.T. Holdings Pte Ltd ("**ACT Holdings**") is a substantial Shareholder holding 26,917,000 Shares, representing 9.15% of the Shares, and (c) based on the latest information available to the Offeror, the Shareholders other than the Offeror Concert Party Group holds 209,417,995 Shares, representing approximately 71.17% of the total number of Shares (excluding treasury shares).

Subject to the Partial Offer becoming unconditional in all respects, it is contemplated that:

(a) NTCP SPV VII will transfer the NT Shares to the Offeror on or about the close of the Partial Offer (the "**NT Transfer**") at a price for each Share which is no higher than the Offer Price, which will be satisfied by the allotment and issue of shares in the Offeror; and

(b) ACT Holdings will transfer 10,530,900 Shares (the "**ACT Relevant Shares**") to the Offeror on or about the close of the Partial Offer (the "**ACT Transfer**") at the Offer Price for each Share.

The Securities Industry Council (the "**SIC**") has confirmed that (i) the Offeror will not be obliged to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the NT Transfer and the ACT Transfer, and (ii) the NT Transfer and the ACT Transfer will be disregarded for the purposes of Rule 16.4(b) of the Code.

ACT Holdings has agreed to abstain from voting on the Partial Offer as it is a concert party by virtue of Mr. Toh Ban Leng, James, a director and shareholder of ACT Holdings, also being a shareholder of New Earth Group 2 Ltd. ("**NEG2**"), the general partner of the Novo Tellus PE Fund 2, L.P. ("**NT Fund**") (being one of the Consortium Members (as defined herein)), and a director of Novo Tellus Capital Partners Pte. Ltd., which is the investment advisor to NEG2.

3.7 Record Date

The Transfer Books and the Register will be closed at 5.00 p.m. (Singapore time) on the Record Date, 19 April 2021, being the 14th day before the First Closing Date, for the purpose of determining the entitlements of the Offer Shareholders to the Partial Offer.

Only (a) Shareholders whose securities accounts are credited with Offer Shares (in the case of depositors), and (b) Shareholders who have Offer Shares registered in their names on the Register of Members of the Company (in the case of Shareholders who hold the Offer Shares in scrip form), in each case, as at the Record Date, will constitute Offer Shareholders for the purposes of the Partial Offer.

An Offer Shareholder who is a depositor and wishes to vote on and/or accept the Partial Offer must ensure that there are Offer Shares held in his Securities Account as at the Record Date. An Offer Shareholder who is not a depositor and wishes to vote on and/or accept the Partial Offer must ensure that there are Offer Shares registered in his name on the Register as at the Record Date. **A person who is NOT an Offer Shareholder as at the Record Date will NOT BE ELIGIBLE to participate in the Partial Offer and will NOT be entitled to accept or approve the Partial Offer in respect of any Offer Shares held by him.**

3.8 Warranty

An Offer Shareholder who tenders his Shares for acceptance under the Partial Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrances, and (c) together with all rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions which may be declared, paid or made by the Company on or after the Offer Announcement Date.

3.9 Further Details of the Partial Offer

Further details of the Partial Offer including (a) the duration of the Partial Offer, (b) the settlement of the consideration for the Partial Offer, (c) the requirements relating to the announcement(s) of the level of acceptances of the Partial Offer, (d) the right of withdrawal of acceptances of the Partial Offer, and (e) the Relevant Percentage and Scale-back (as defined in the Offer Document) are set out in Appendix 1 to the Offer Document. Shareholders are also advised to read the information relating to the voting and acceptance procedures for the Partial Offer, as set out in section 7 and Appendix 2 of the Offer Document, carefully.

4. EFFECTS OF A SUCCESSFUL PARTIAL OFFER

If the Partial Offer becomes unconditional in all respects:

(a) the resultant direct shareholding of the Offeror in the Company, following the NT Transfer and the ACT Transfer, shall be 51.00% of the Shares (excluding treasury shares) as at the Record Date; and

(b) assuming there is no change to the shareholding held by the Offeror Concert Party Group as at the Record Date, the resultant combined shareholding of the Offeror Concert Party Group in the Company at the close of the Partial Offer shall be 56.74% of the Shares (excluding treasury shares) as at the Record Date.

Accordingly, the Offeror Concert Party Group will then be able to exercise statutory control over the Company and will be free, subject to a 6-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.

5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS

The following information on the Offeror, as well as NT Fund, University of Pittsburgh – Of the Commonwealth System of Higher Education ("**UP**") and Compass Private Investments 2017 Master LP ("**CPI**") (collectively, the "**Consortium Members**"), has been extracted from section 9 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document. Additional information on the Offeror is also set out in Appendix 3 to the Offer Document.

"***9. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS***

9.1 Offeror*. The Offeror is an exempted company incorporated with limited liability in the Cayman Islands for the purposes of making the Partial Offer and is held by the Consortium Members. The Offeror's principal activity is that of an investment holding company and it has not carried on any business since its incorporation, save for matters undertaken in connection with the making of the Partial Offer.*

As at the Latest Practicable Date:

(i) the Offeror has an authorised share capital of US$50,000 divided into 25,000 Class A shares of a nominal or par value of US$1.00 each and 25,000 Class B shares of a nominal or par value of US$1.00 each, of which 746 Class A shares and 254 Class B shares have been issued and are fully paid-up and are held by the Consortium Members in the number specified against their respective names in ***Section 9.2****; and*

(ii) the Directors are Mr. Keith Toh and Mr. Irwin Lim[1].

Further information on the Offeror is set out in ***Appendix 3*** *to this Offer Document.*

9.2 ***Share Capital of the Offeror****. As at the Latest Practicable Date, the Consortium Members hold the Offeror in the following proportion:*

No.	*Name of Consortium Member*	*Number of shares held in the Offeror*	*% of shares held in the Offeror*
1	*NT Fund*	*746 Class A shares*	*74.60*
2	*UP*	*226 Class B shares*	*22.60*
3	*CPI*	*28 Class B shares*	*2.80*

The Consortium Members have each agreed that it will not, without the prior written consent of the other Consortium Members, transfer all or any part of, or otherwise sell, dispose of or deal with all or any part of its interest in their shares in the Offeror to any person up to and on the earlier of the date (a) (in the event the Partial Offer becomes or is declared unconditional in accordance with its terms) falling one year after the close of the Partial Offer; and (b) the Partial Offer lapsing, failing to become or be declared unconditional or being withdrawn (with, in each case, if applicable, the consent of the SIC). At the expiry of such period, the Consortium Members may transfer their shares in the Offeror subject to certain restrictions on transfer and certain conditions being satisfied.

9.3 ***NT Fund****. NT Fund is a Cayman Islands exempted limited partnership and NT 7 Sub, its wholly-owned subsidiary, is an exempted company with limited liability incorporated in the Cayman Islands holding 57,402,978 Shares, representing 19.51% of the Shares as at the Latest Practicable Date.*

9.4 ***UP****. UP is a university endowment fund incorporated in the United States of America.*

9.5 ***CPI****. CPI is an investment fund incorporated in the Cayman Islands.*

1 *Only NT Fund shall be entitled to appoint directors to the board of the Offeror.*"

6. IRREVOCABLE UNDERTAKINGS

The following information has been extracted from section 11 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"***11. IRREVOCABLE UNDERTAKINGS***

11.1 ***Management Shareholders****. The following key staff (who are also Offer Shareholders) are deeply integrated into the business of the Company Group based on their experience managing the day-to-day operations of the Company Group and their long-standing service with the Company Group:*

No.	*Name of Management Shareholder*	*Current position in the Company Group*	*Number of Shares held*	*% of Shares held*
1	*Mr. Thomas Sean Murphy*	*Chairman, Global Chief Executive Officer*	*10,518,211*	*3.57*
2	*Mr. Edward John Flachbarth*	*Executive Director, Global President & Global Head of Maintenance*	*9,858,456*	*3.35*
3	*Mr. Zachary George Sexton*	*Worldwide Director of Global Accounts*	*6,092,987*	*2.07*
4	*Mr. Mathew George Jordan*	*Global Head of Lifecycle Services, Hardware & Distribution*	*3,405,000*	*1.16*

No.	Name of Management Shareholder	Current position in the Company Group	Number of Shares held	% of Shares held
5	Mr. Gerald Louis Jeanguenat	Global Head of Maintenance Sales	4,830,184	1.64

*(collectively, the "**Management Shareholders**").*

***11.2 Irrevocable Undertakings from the Management Shareholders**. As at the Latest Practicable Date, the Offeror has received an irrevocable undertaking from each of the Management Shareholders (the "**MS IUs**") pursuant to which each of the Management Shareholders has undertaken to:*

***11.2.1** tender 50% of his Shares in acceptance of the Partial Offer in return for the cash consideration payable to him by the Offeror under the terms of the Partial Offer; and*

***11.2.2** exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.*

***11.3 Termination of the MS IUs**. Each MS IU will terminate or lapse upon the Partial Offer being withdrawn, lapsing, or failing to be declared unconditional in all respects in accordance with its terms.*

***11.4 No Other Undertakings**. Save for the MS IUs, as at the Latest Practicable Date, neither the Offeror nor any Concert Party has received any undertakings from any other party to accept or reject the Partial Offer.*

***11.5 Available for Inspection**. Copies of the MS IUs are available for inspection at the offices of the Registrar at Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 during normal business hours upon prior appointment with the Registrar at +65 6227 6660, until the date on which the Partial Offer closes, lapses or is withdrawn in accordance with its terms.*"

7. RATIONALE FOR THE PARTIAL OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Partial Offer has been extracted from section 12 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"***12. RATIONALE FOR THE PARTIAL OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY***

***12.1 Rationale**. The Offeror intends to make the Partial Offer of S$0.365 in cash for each Offer Share to acquire approximately 27.91%[1] of the total number of Shares (excluding treasury shares and Shares held by the Offeror and the Concert Parties) as at the Record Date. The Offer Price implies the premia of:*

*(i) approximately 32.7% over the last traded price per Share as quoted on the SGX-ST on 10 March 2021, being the last full day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date (the "**Last Trading Date**"); and*

*(ii) approximately 24.1%, 17.0%, 17.7% and 20.5% over the volume weighted average price per Share (the "**VWAP**") for the one-month, three-month, six-month and 12-month periods prior to and including the Last Trading Date; and*

(iii) *approximately 5.8% over the highest closing price per Share in the last 12-month period prior to and including the Last Trading Date.*

The Partial Offer, if successful, will allow the Offeror to increase its direct holdings (including the NT Shares and the ACT Relevant Shares) in the Company to 51.00% of the total number of Shares (excluding treasury shares) as at the Record Date.

The Offeror believes the Company faces a very challenging transition with difficult short-term market outlook and uncertain market conditions. The global COVID-19 disruption in the key markets of the Company has made it more difficult for the Company to sell its solutions. The Offeror believes that the Company must also invest to upgrade its operations and systems to remain competitive in the fast-moving global data centre hardware industry. As a result, the Offeror believes that the earnings prospects of the Company may be depressed and the Company may not be in a position to pay dividends in the next few years.

Consequently, the Offeror believes the Partial Offer provides Offer Shareholders with the opportunity to realise an optimal value for their investment through:

- *an attractive cash premium of 32.7% to the closing price of S$0.275 per Share on 10 March 2021, being the Last Trading Date, alongside the flexibility to tender between 0% and 100% of their Shares in acceptance of the Partial Offer; and*

- *the opportunity to continue holding a portion of their Shares to participate in the future financial performance of the Company, as the Company will remain publicly traded following the Partial Offer.*

The Partial Offer reflects the Offeror's view that while the current business and economic outlook present a number of challenges for the Company, there is inherent long term value in the Company's businesses.

Following the successful close of the Partial Offer, the Offeror intends to work with the board of directors of the Company in undertaking a comprehensive strategic review of its businesses with the objective of creating sustainable value for all Shareholders through investing in long-term growth for the business. The Offeror expects that creating sustainable value through such actions may take several years.

12.2 ***Current Intentions****. The Offeror intends for the Company to continue with its existing activities and has no intention to, in connection with or as a result of the Partial Offer, (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.*

[1] *Calculated based on 294,237,973 Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that there is no change to the total number of Shares (excluding treasury shares) and the total number of Shares held by the Offeror and Concert Parties as at the Record Date.*"

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE PARTIAL OFFER

In assessing the financial terms of the Partial Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

(a) Historical financial performance of the Group;

(b) Historical market price performance and trading activity of the Shares;

(c) Historical Share price performance relative to market index;

(d) Net asset value ("**NAV**") of the Group;

(e) Valuation ratios of selected companies listed on the Nasdaq Stock Exchange (the "**Nasdaq**") and The Stock Exchange of Hong Kong Limited (the "**HKEx**") which principal business activities are broadly comparable to those of the Group;

(f) Selected precedent take-over offers involving companies listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**");

(g) Estimated theoretical valuation of the Shares; and

(h) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST, the Nasdaq, the HKEx and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

8.1 Historical Financial Performance of the Group

For the purpose of evaluating the financial terms of the Partial Offer, we have considered the consolidated financial statements of the Group for the financial years ended 31 December 2018 ("**FY2018**"), 31 December 2019 ("**FY2019**") and 31 December 2020 ("**FY2020**"). The following summary of the financial information should be read in conjunction with the full text of the Group's published financial statements for FY2019 and FY2020 in respect of the relevant financial years including the notes thereto.

Consolidated statements of comprehensive income

	---------------------------- Audited ----------------------		
(S$'000)	**FY2018**	**FY2019**	**FY2020**
Revenue	220,236	221,289	233,467
Gross profit	80,503	78,104	64,745
Profit before income tax	10,077	4,737	4,031
Net profit attributable to owners of the Company	5,337	3,775	2,696

Consolidated cash flow statements

	---------------------------- Audited ----------------------		
(S$'000)	**FY2018**	**FY2019**	**FY2020**
Net cash generated from operating activities	11,037	18,413	27,479
Net cash (used in)/generated from investing activities	(7,004)	(1,148)	2,728
Net cash used in financing activities	(9,061)	(16,231)	(10,503)
Net (decrease)/increase in cash and cash equivalents	(5,028)	1,034	19,704

	---------------------------- Audited -----------------------		
(S$'000)	**FY2018**	**FY2019**	**FY2020**
Cash and cash equivalents at end of year	10,673	11,623	31,254

Source: *Annual reports of the Company for FY2019 and FY2020*

Consolidated statements of comprehensive income

FY2018 vs FY2019

The revenue of the Group increased marginally by approximately S$1.1 million or 0.5% from approximately S$220.2 million in FY2018 to approximately S$221.3 million in FY2019 mainly due to an increase in revenue from the Lifecycle Services segment, which was offset by a decrease in revenue from the IT Distribution segment. The Americas continued to be the key driver of the Group's revenue. Revenue from operations in Europe, Middle East and Africa ("**EMEA**") increased, while revenue from Asia Pacific (including contributions from Singapore and others) decreased, in FY2019.

The profit before income tax of the Group decreased by approximately S$5.3 million or 53.0% from approximately S$10.1 million in FY2018 to approximately S$4.7 million in FY2019 mainly due to (a) an increase in selling expenses as a result of higher staff pay-outs in the Americas and EMEA, (b) an increase in administrative expenses as a result of an increase in staff administrative expenses, depreciation of the right-of-use assets from a higher renewed office rent in Singapore and a new office in the Americas, and the reclassification of indirect tax expenses as administrative expenses, and (c) an increase in finance costs from higher borrowings and an increase in interest expenses for lease liabilities resulting from the adoption of SFRS(I) 16, where the Group recognised operating leases as a liability and separately recognised the interest expenses on the lease liability.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately S$1.5 million or 29.3% from approximately S$5.3 million in FY2018 to approximately S$3.8 million in FY2019.

FY2019 vs FY2020

The revenue of the Group increased by approximately S$12.2 million or 5.5% from approximately S$221.3 million in FY2019 to approximately S$233.5 million in FY2020 mainly due to an increase in revenue from both the IT Distribution segment and the Lifecycle Services segment which was attributable to better performance from all regions.

The profit before income tax of the Group decreased by approximately S$0.7 million or 14.9% from approximately S$4.7 million in FY2019 to approximately S$4.0 million in FY2020 mainly due to (a) a decrease in gross profit which is attributable to the completion of lower margin hardware deals to clear aged inventories in the IT Distribution segment and a general contraction in margins from the Lifecycle Services segment and an increase in allowance for stock obsolescence, (b) an increase in selling expenses as a result of the reclassification of sales employees' salaries previously recorded in administrative expenses in accordance with the Company's revamped sales commission plan, and (c) an increase in other charges largely due to the recognition of foreign exchange loss, allowance of bad debts, and the impairment of goodwill. This was offset by (a) an increase in other income largely due to the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the United States' Paycheck Protection Program (the "**PPP**"), (b) a decrease in administrative expenses largely due to a decrease in staff costs from the reclassification of sales employees' salaries to selling expenses and a decrease in staff costs, and (c) a decrease in finance costs as a result of lower borrowings.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately S$1.1 million or 28.6% from approximately S$3.8 million in FY2019 to approximately S$2.7 million in FY2020.

Had the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the PPP (which in aggregate amounted to approximately S$5.4 million) been excluded, the Group would have recorded a loss before income tax of approximately S$1.4 million and a net loss attributable to owners of the Company in FY2020.

Consolidated cash flow statements

The Group recorded net cash generated from operating activities of approximately S$11.0 million, S$18.4 million and S$27.5 million in FY2018, FY2019 and FY2020 respectively.

In respect of FY2020:

(a) the Group recorded net cash generated from operating activities of approximately S$27.5 million mainly due to operating cash flows before changes in working capital of approximately S$21.5 million, a decrease in trade and other receivables of approximately S$16.2 million and a decrease in prepayment of approximately S$4.2 million, which were offset by a decrease in deferred income of approximately S$8.3 million, a decrease in trade and other payables of approximately S$5.6 million and income tax paid of approximately S$1.9 million;

(b) the Group recorded net cash generated from investing activities of approximately S$2.7 million mainly due to proceeds from maturity of fixed deposits of approximately S$4.0 million, which was offset by the purchase of plant and equipment of approximately S$1.4 million;

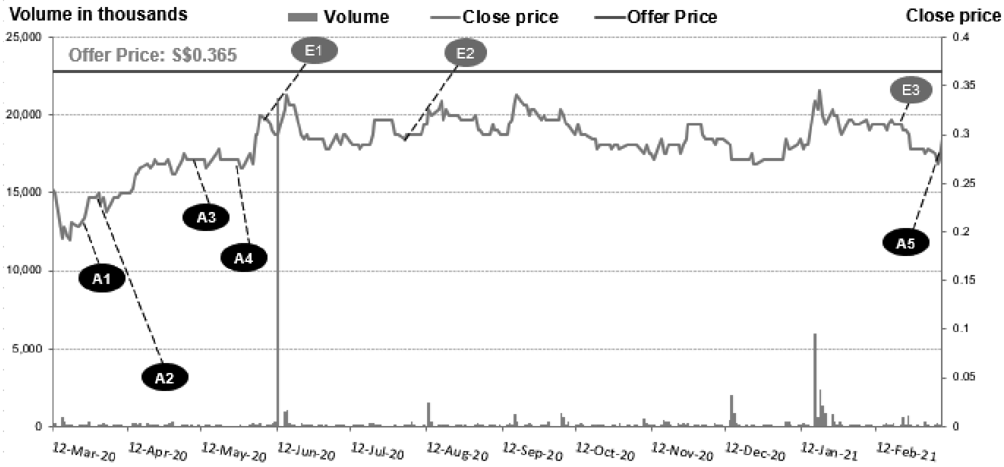
(c) the Group recorded net cash used in financing activities of approximately S$10.5 million mainly due to repayment of loans and borrowings of approximately S$150.1 million, payment of principal portion of lease liabilities of approximately S$2.6 million and the final payment for the acquisition of a 49% equity interest in Rockland Congruity LLC ("**Rockland**") of approximately S$11.2 million, which were offset by proceeds from loans and borrowings of approximately S$154.5 million; and

(d) taking into account the cash and cash equivalents at the beginning of FY2020 of approximately S$11.6 million and the net increase in cash and cash equivalents of approximately S$19.7 million, the Group's cash and cash equivalents amounted to approximately S$31.3 million (excluding aggregate pledged deposits and fixed deposits of approximately S$1.4 million) as at 31 December 2020.

8.2 Historical Market Price Performance and Trading Activity of the Shares

We have compared the Offer Price to the daily closing prices for the one-year period between 12 March 2020 and 11 March 2021 (the "**Last Trading Day**"), being the last market day immediately prior to the Offer Announcement. We have also marked certain dates in the one-year period where significant events occurred.

Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day



Source: *Thomson Reuters Eikon and Company's announcements on the SGXNET*

Earnings announcements:

E1. **9 June 2020**: The Company announced that it expected to report a substantially weaker performance for its unaudited financial statements for the 6-month financial period ending 30 June 2020 ("**6M2020**") mainly due to the impact from the COVID-19 pandemic and a slow start in FY2020 following the termination of discussions in relation to the possible transaction with Park Place Technologies, LLC.

E2. **5 August 2020**: The Company announced its unaudited financial statements for 6M2020 in which the Group's net profit attributable to owners of the Company increased marginally by approximately S$36,000 or 1.4% from approximately S$2.62 million in the 6-month financial period ended 30 June 2019 ("**6M2019**") to approximately S$2.65 million in 6M2020.

E3. **24 February 2021**: The Company announced its unaudited financial statements for FY2020 in which the Group's net profit attributable to owners of the Company decreased by approximately S$1.1 million or 28.6% from approximately S$3.8 million in FY2019 to approximately S$2.7 million in FY2020.

Other significant announcements:

A1. **24 March 2020**: The Company announced that **f**ollowing the recent amendments to Rule 705(2) of the listing manual (the "**Listing Manual**") of the SGX-ST which took effect from 7 February 2020, the Company is no longer required to release its financial statements on a quarterly basis. Accordingly, the Company ceased to provide announcements of its unaudited financial statements for each quarter of its financial years.

The Company also announced that after its wholly-owned subsidiary, Procurri LLC, had made the post-closing date payment ("**PCP**") to Congruity LCC (the "**Seller**") on 14 February 2020 pursuant to the acquisition of the 49% equity interest in Rockland as announced on 18 November 2018, the Seller had made a demand for indemnification under the terms of the interest purchase agreement dated 16 November 2018, on the basis of alleged discrepancies of approximately US$0.47 million (the "**Disputed Sum**") in various adjustments assessed by Procurri LLC that were taken into consideration for set-off against the PCP. Procurri LLC had rejected the alleged discrepancies and was working with the Seller to resolve the matter. The Disputed Sum was not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for FY2020.

A2. **1 April 2020**: The Company announced the appointment of Dr. Lim Puay Koon as an Independent Non-Executive Director.

A3. **11 May 2020**: The Company announced that following the claims in a lawsuit which arose from the sale of hardware in early 2014 by Procurri LLC's customer to the plaintiff (which originally was supplied by Procurri LLC) that allegedly contained unlicensed software, the parties involved in the case had been in mediation negotiations since late March 2019 and Procurri LLC had entered into a settlement agreement to amicably settle all potential claims in respect of such litigation case for US$0.22 million. The settlement was on a full and final settlement basis.

A4. **28 May 2020**: The Company announced that Procurri LLC and Rockland had obtained loans of approximately US$1.60 million and US$1.76 million respectively under the Paycheck Protection Program (the "**PPP**"), a loan program established by the United States Coronavirus Aid, Relief, and Economic Security Act. The PPP is administered by the Small Business Association in the United States and is designed to provide financial assistance to businesses to keep their workforce employed during the COVID-19 crisis.

The loan funds are to be used for payroll costs, interest on mortgages, rent and utilities.

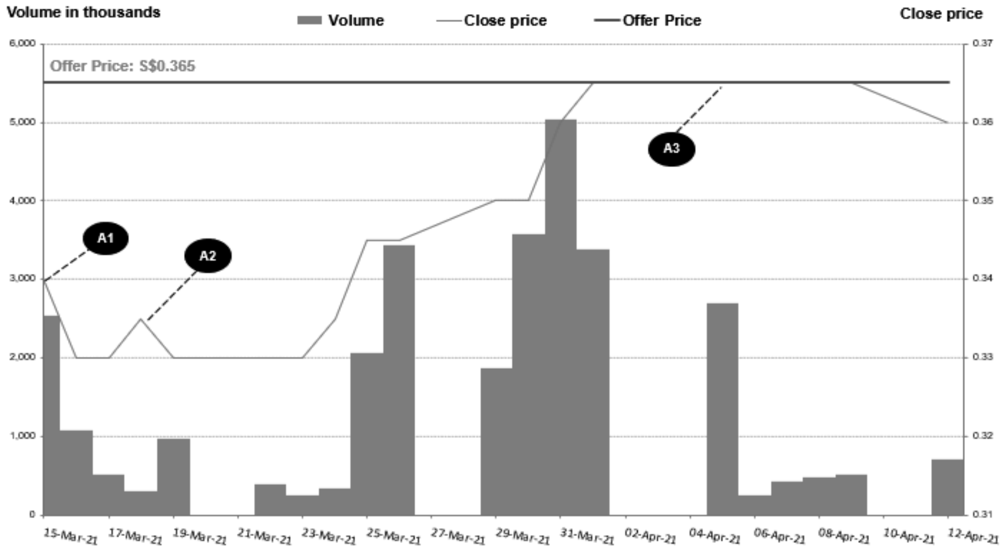
A5. **11 March 2021**: The Company announced the trading halt of the Shares at 4.27 p.m., prior to the announcement of the Partial Offer on 15 March 2021.

The closing prices of the Shares had generally trended upwards from S$0.192 on 19 March 2020 to S$0.340 on 16 June 2020. Subsequently, the closing prices of the Shares ranged between S$0.270 and S$0.345 for the period between mid-June 2020 and end-January 2021, before gradually declining to S$0.295 on the Last Trading Day.

Based on the above chart, the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, and the highest closing price of the Shares was S$0.345 (on 20 January 2021) during the one-year period.

The daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and the Latest Practicable Date are set out below:

Daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and the Latest Practicable Date



Source: *Thomson Reuters Eikon and Company's announcements on the SGXNET*

Other significant announcements:

A1. **15 March 2021**: The Offer Announcement was made.

A2. **18 March 2021**: The Company announced the appointment of the IFA for the purposes of the Partial Offer.

A3. **5 April 2021**: OCBC announced, for and on behalf of the Offeror, that the Offer Document, together with the accompanying relevant forms of acceptance for the Partial Offer, had been despatched to the Shareholders on 5 April 2021.

Based on the above chart, the closing prices of the Shares ranged between S$0.330 and S$0.365 on total trading volume of 30,828,000 Shares for the period between the Last Trading Day and the Latest Practicable Date. We note that during this period:

(a) the market purchases by DeClout Pte. Ltd. ("**DeClout**") (being a controlling shareholder of the Company holding 60,856,500 Shares, representing approximately 20.68% of the issued Shares as at the Latest Practicable Date) amounted to an aggregate of 20,856,500 Shares (or approximately 67.65% of the total trading volume) at average transacted prices of between S$0.33449 and S$0.3650. The increase in the closing prices of the Shares to reach a high of S$0.3650 appears to be mainly attributable to the aforementioned market purchases by DeClout; and

(b) the closing prices of the Shares have not exceeded the Offer Price.

We also set out below the premia implied by the Offer Price over the historical volume-weighted average prices ("**VWAPs**") for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Offer Announcement and up to the Latest Practicable Date:

	VWAP[(1)] (S$)	Premium of Offer Price over VWAP (%)	Highest closing price (S$)	Lowest closing price (S$)	Average daily trading volume[(2)] ("ADTV") ('000)	ADTV as a percentage of free float[(2)(3)] (%)
Periods prior to and including the Last Trading Day						
One-year	0.3116	17.1	0.345	0.192	262	0.23
6-month	0.3093	18.0	0.345	0.270	248	0.21
3-month	0.3117	17.1	0.345	0.270	362	0.31
One-month	0.2934	24.4	0.315	0.270	170	0.15
Last Trading Day	0.295[(4)]	23.7	0.295	0.295	272	0.23
Period after the Offer Announcement and up to the Latest Practicable Date						
After Offer Announcement and up to Latest Practicable Date	0.3508	4.0	0.365	0.330	1,541	1.61
Latest Practicable Date	0.360[(4)]	1.4	0.360	0.360	701	0.73

Source: *Thomson Reuters Eikon and NCF's calculations*

Notes:

(1) The VWAPs are weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period (including the married deal transacted by A.C.T. Holdings (the seller) with NTCP SPV VII (the purchaser) of 21,093,000 Shares on 12 June 2020) divided by the number of market days during that period.

(3) Free float refers to the issued share capital of the Company held by the public (as defined in the Listing Manual) amounting to (a) approximately 116.3 million Shares or 39.53% for the one-year period prior to and including the Last Trading Day, and (b) approximately 95.5 million Shares or 32.44% for the period after the Offer Announcement and up the Latest Practicable Date.

(4) Refers to the closing price of the Shares on the Last Trading Day and the Latest Practicable Date, as the case may be.

Our observations are set out below.

Periods prior to and including the Last Trading Day

(a) The closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S$0.192 per Share (on 19 March 2020) and a high of S$0.345 per Share (on 20 January 2021), and the Offer Price represents a premium of approximately 17.1%, 18.0%, 17.1% and 24.4% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.

(b) The Offer Price represents a premium of approximately 23.7% over the closing price of the Shares of S$0.295 on the Last Trading Day.

(c) During the one-year period prior to and including the Last Trading Day, the average daily trading volume of the Shares ranged between approximately 170,000 Shares and 362,000 Shares, representing approximately 0.23%, 0.21%, 0.31% and 0.15% of the Company's free float for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.

Period after the Offer Announcement and up to the Latest Practicable Date

(d) The closing prices of the Shares ranged between S$0.330 and S$0.365 for the period after the Offer Announcement and up to the Latest Practicable Date, and the Offer Price represents a premium of approximately 4.0% over the VWAP of the Shares of S$0.3508 during this period.

(e) The Offer Price represents a marginal premium of approximately 1.4% over the closing price of the Shares of S$0.360 on the Latest Practicable Date.

(f) For the period after the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume of the Shares was approximately 1,541,000 Shares, representing approximately 1.61% of the Company's free float.

Based on the above, it would appear that the market prices of the Shares may be supported by the Partial Offer subsequent to the Offer Announcement. Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Partial Offer may be maintained at the prevailing level as at the Latest Practicable Date, and (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance.

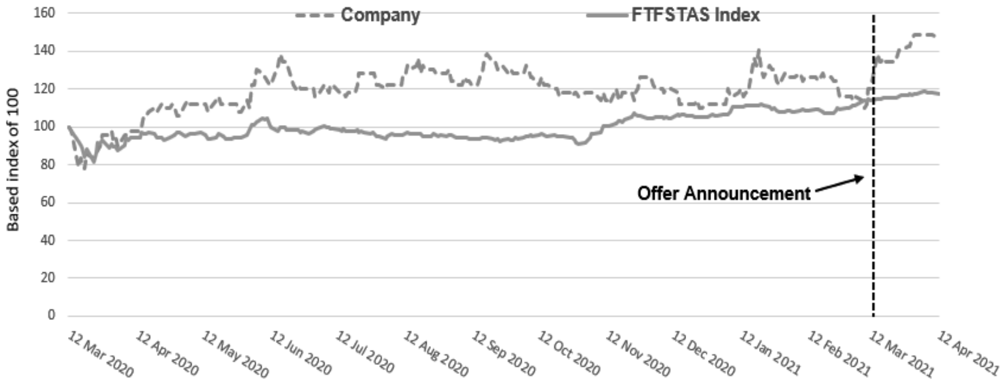
We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

8.3 Historical Share Price Performance Relative to Market Index

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the FTSE ST All-Share Index (the "**FTFSTAS Index**"), which is a market capitalisation-weighted index tracking the performance of companies listed on the SGX-ST that are within the top 98% by market capitalisation.

The market price performance of the Shares relative to the FTFSTAS Index for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date is illustrated below:

Share price performance against the FTFSTAS Index (rebased) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: *Thomson Reuters Eikon*

We also set out below the movements in the closing prices of the Shares and the FTFSTAS Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day	As at Latest Practicable Date	Percentage change (%)
Shares (S$)	0.295	0.360	22.0
FTFSTAS Index	758.85	778.71	2.6

Source: *Thomson Reuters Eikon*

Based on the above, we note that:

(a) the Shares had generally outperformed the FTFSTAS Index during the one-year period prior to and including the Last Trading Day; and

(b) the closing prices of the Shares had increased by approximately 22.0% while the FTFSTAS Index had increased marginally by approximately 2.6% between the Last Trading Day and the Latest Practicable Date.

It would therefore appear that the market prices of the Shares may be supported by the Partial Offer subsequent to the Offer Announcement.

Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Partial Offer may be maintained at the prevailing level as at the Latest Practicable Date, and (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance. Any comparison of the historical price performance of the Shares with the FTFSTAS Index is solely for illustrative purposes.

8.4 NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

A summary of the audited financial position of the Group as at 31 December 2020 is set out as follows:

	Audited As at 31 December 2020 (S$'000)
ASSETS	
Non-current assets	
Plant and equipment	2,957
Right-of-use assets	7,004
Intangible assets	12,528
Finance lease receivables	210
Deferred tax assets	4,233
Total non-current assets	**26,932**
Current assets	
Inventories	26,035
Trade and other receivables	34,564
Prepayments	9,186
Finance lease receivables	299
Cash and bank balances	32,700
Total current assets	**102,784**
Total assets	**129,716**
EQUITY AND LIABILITIES	
Current liabilities	
Trade and other payables	27,206
Deferred income	16,197
Loans and borrowings	16,232
Lease liabilities	2,876
Income tax payable	1,154
Total current liabilities	**63,665**
Net current assets	**39,119**
Non-current liabilities	
Deferred tax liabilities	67
Loans and borrowings	4,796
Lease liabilities	5,191
Provisions	815
Deferred income	2,679
Total non-current liabilities	**13,548**
Total liabilities	**77,213**
Equity attributable to owners of the Company	
Share capital	74,541
Retained earnings	24,638
Other reserves	(46,676)
Total equity	**52,503**
Total equity and liabilities	**129,716**

	Audited As at 31 December 2020 (S$'000)
Number of issued Shares as at Latest Practicable Date[1]	294,237,973
NAV per Share (S$)	**0.1784**
Premium of Offer Price over NAV per Share	**104.6%**
Price-to-NAV ("P/NAV") ratio as implied by Offer Price	**2.05 times[2]**

As set out in the table above, the NAV per Share as at 31 December 2020 was S$0.1784 based on 294,237,973 issued Shares. Accordingly, the Offer Price represents a significant premium of approximately 104.6% over the NAV per Share as at 31 December 2020 and would value the Group at a P/NAV ratio of 2.05 times.

Shareholders should note that the above NAV analysis provides an estimate of the value of the Group based on the net assets of the Group as at 30 December 2020, and such hypothetical scenarios are assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically affect the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market values of the assets and liabilities may vary depending on prevailing market and economic conditions.

In our evaluation of the financial terms of the Partial Offer, we have also considered whether there is any other asset which value may be materially different from that recorded in the statement of financial position of the Group as at 31 December 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to have a material impact on the NAV of the Group as at 31 December 2020.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

(a) there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 31 December 2020;

(b) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 31 December 2020;

(c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and/or the Group as at 31 December 2020;

(d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed, that would have had a material impact on the overall financial position of the Group as at 31 December 2020;

[1] As at 31 December 2020, the share capital of the Company comprised 293,686,573 issued Shares. Following the allotment and issuance of 551,400 new Shares pursuant to the vesting of certain share awards granted under the Procurri Corporation Performance Share Plan in February 2021, the share capital of the Company had increased to 294,237,973 issued Shares.

[2] As at the Latest Practicable Date, the Company had outstanding awards granted under the Procurri Corporation Performance Share Plan which are capable of being vested into 616,900 new Shares. In the event that such awards were vested into new Shares, the NAV per Share would be S$0.1781 and the P/NAV ratio would remain unchanged at 2.05 times.

(e) there are no material acquisitions or disposals of assets by the Group between 31 December 2020 and the Latest Practicable Date, and the Group does not have any definite plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and

(f) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the audited balance sheet of the Group as at 31 December 2020.

8.5 Valuation Ratios of Selected Companies Listed on the Nasdaq and the HKEx Which Principal Business Activities are Broadly Comparable to Those of the Group

The Group is principally engaged in (a) the IT distribution business involving the distribution of data centre equipment (which includes but are not limited to pre-owned servers, storage and networking equipment), and (b) the lifecycle services business involving the provision of IT maintenance support for IT systems and networks and the provision of services to extend the life of equipment and to extract greater value for retired technology, by means of equipment refurbishment and data destruction services and asset disposal services.

As discussed with the Management to the best of their knowledge and belief, we understand that (a) companies having similar principal business activities and scale of business operations as the Group are generally unlisted, and (b) there are no companies listed on the SGX-ST which principal business activities may be considered to be similar to those of the Group. As such, we have expanded our comparison to include companies listed in the United States (which accounted for the bulk of the Group's revenue in FY2020) and Hong Kong as broad proxies to the Group. We have made reference to the valuation ratios of selected companies listed on the Nasdaq and the HKEx with market capitalisations between S$30 million and S$300 million (or its equivalent in United States Dollars ("**US$**") and Hong Kong dollars ("**HK$**")) and which are principally engaged in the provision of IT services to obtain an indication of the current market expectations with regard to the perceived valuation of the Group (collectively, the "**Comparable Companies**").

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the Nasdaq and the HKEx which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Company / Listing exchange	Business description	Financial year-end
CSP Inc. ("**CSP**") / United States	CSP Inc. and its subsidiaries develop and market IT integration solutions, advanced security products, managed IT services, purpose-built network adapters and high-performance cluster computer systems in the Americas, Europe and Asia. The group operates in 2 segments, namely, (a) the high-performance products segment which involves the sale of integrated hardware and software maintenance and other services, and (b) the technology solutions segment which involves the sale of hardware, software, professional services, third-party service contracts, maintenance contracts, managed services and financing of hardware and software.	30 September
Edensoft Holdings Limited ("**Edensoft**") / Hong Kong	Edensoft Holdings Limited and its subsidiaries are principally engaged in the provision of (a) IT infrastructure services (which involves assessing and advising customers on suitable software and hardware products required for their IT environment), (b) IT implementation and supporting services (which involves the design of IT solutions, the development and/or implementation of hardware and software products, and the provision of technical and maintenance supporting services), and (c) cloud services (which involves the offering of design, management and technical support for using cloud platforms) to its customers in the People's Republic of China and Hong Kong.	31 December
Kinetix Systems Holdings Limited ("**Kinetix Systems**") / Hong Kong	Kinetix Systems Holdings Limited and its subsidiaries are principally engaged in the provision of IT infrastructure solutions services, IT development solutions services, IT maintenance support services and trading of entertainment products in Hong Kong and Macau.	31 December
Microware Group Limited ("**Microware**") / Hong Kong	Microware Group Limited is principally engaged in the provision of IT infrastructure solutions services and IT managed services in Hong Kong, which involves the provision of (a) consultation and advice, (b) hardware and/or software procurement, (c) implementation, (d) management and maintenance of IT infrastructure solutions, and (e) provision of cyber security training programmes.	31 March
Wayside Technology Group, Inc. ("**Wayside**") / United States	Wayside Technology Group, Inc. and its subsidiaries are principally engaged in distributing technology products to resellers, consultants and systems integrators worldwide. The group also provides comprehensive IT solutions where it offers an extensive line of products from leading software vendors and tools for virtualisation/cloud computing, security,	31 December

Company / Listing exchange	Business description	Financial year-end
	networking, storage and infrastructure management, application lifecycle management and other technically sophisticated domains as well as computer hardware. The group provides its services to customers in the United States, Canada, Europe and the United Kingdom.	

Source: *Thomson Reuters Eikon, annual reports and filings of the Comparable Companies*

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Latest twelve-month ("**LTM**") price-earnings ("**LTM P/E**") ratio	The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company's capital structure, tax position and accounting policies relating to depreciation and intangible assets. We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.
Latest twelve-month enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("**LTM EV/EBITDA**") ratio	EV refers to enterprise value, which is the sum of a company's market capitalisation, preferred equity, non-controlling interests, short-term and long-term debts less its cash and cash equivalents. LTM EBITDA refers to the historical consolidated full-year earnings or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation. The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company's business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.
P/NAV ratio	The P/NAV ratio refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company. We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.

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

Company	Market capitalisation (million)	LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)
CSP	US$36.2 (S$48.6)	189.7	20.1	1.16
Edensoft[(1)]	HK$216.0 (S$37.3)	8.1	2.6	0.95
Kinetix Systems	HK$1,168.0 (S$201.5)	113.2	78.0	11.78
Microware	HK$273.0 (S$47.1)	5.5	1.4	1.29
Wayside	US$110.7 (S$148.4)	24.7	10.9	2.48
Maximum		**189.7**	**78.0**	**11.78**
Mean[(2)]		**12.8**	**8.8**	**1.47**
Median[(2)]		**8.1**	**6.8**	**1.23**
Minimum		**5.5**	**1.4**	**0.95**
Company[(3)]	**S$107.4**	**39.8**	**7.7**	**2.05**

Source: *Thomson Reuters Eikon, annual reports and filings of the Comparable Companies and NCF's calculations*

Notes:

(1) Adjusted for the one-time listing expenses incurred by the company in FY2020.

(2) Excludes (a) CSP and Kinetix Systems as statistical outliers in the computation of the mean and median LTM P/E ratios, and (b) Kinetix Systems as a statistical outlier in the computation of the mean and median LTM EV/EBITDA and P/NAV ratios.

(3) If the grants received by the Group from various government support programs relating to the COVID-19 pandemic and the forgiven loans under the PPP (which in aggregate amounted to approximately S$5.4 million) had been excluded, (a) the Group would have recorded a LTM net loss attributable to Shareholders and the corresponding LTM P/E ratio of the Company would not be applicable, and (b) the LTM EV/EBITDA ratio of the Company would be 13.6 times.

Based on the above, we note that:

(a) the LTM P/E ratio of the Company of 39.8 times (as implied by the Offer Price) is (i) within the range of LTM P/E ratios of the Comparable Companies of between 5.5 times and 189.7 times, and (ii) significantly above the mean and median LTM P/E ratios of the Comparable Companies of 12.8 times and 8.1 times respectively;

(b) the LTM EV/EBITDA ratio of the Company of 7.7 times (as implied by the Offer Price) is (i) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 1.4 times and 78.0 times, (ii) below the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.8 times, and (iii) above the median LTM EV/EBITDA ratio of the Comparable Companies of 6.8 times; and

(c) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (i) within the range of P/NAV ratios of the Comparable Companies of between 0.95 times and 11.78 times, and (ii) above the mean and median P/NAV ratios of the Comparable Companies of 1.47 times and 1.23 times respectively.

8.6 Selected Precedent Take-over Offers Involving Companies Listed on the SGX-ST

In our evaluation of the financial terms of the Partial Offer, we have compared the valuation statistics of the Company (based on the Offer Price) *vis-à-vis* those of successful partial offers involving companies listed on the SGX-ST during the 3-year period prior to the Offer Announcement (collectively, the "**Precedent POs**"):

			Premium/(Discount) of offer price over/(to)(1)				
Company name	**Announcement date**	**Offer price (S$)**	**Last transacted price (%)**	**One-month VWAP (%)**	**3-month VWAP (%)**	**6-month VWAP (%)**	**Offer price to NTA/NAV (times)**
Thakral Corporation Ltd	4-Mar-2019	0.500	11.1	17.1	18.1	18.0	0.50
Sevak Limited(2)	21-Mar-2019	4.000	5.9	9.3	9.8	18.7	1.13
Maximum			**11.1**	**17.1**	**18.1**	**18.7**	**1.13**
Mean			**8.5**	**13.2**	**14.0**	**18.4**	**0.82**
Minimum			**5.9**	**9.3**	**9.8**	**18.0**	**0.50**
Company	**15-Mar-2021**	**0.365**	**23.7**	**24.4**	**17.1**	**18.0**	**2.05**

Notes:

(1) The market premia/(discounts) were calculated based on the last transacted prices and relevant VWAPs of the respective target companies prior to the offer announcements.

(2) On 1 February 2019, Sevak Limited announced the intention of its controlling shareholder, Smart Co. Holding Pte. Ltd., to make a possible partial offer for approximately 51% of the issued shares of Sevak Limited. The voluntary conditional cash partial offer for the shares in Sevak Limited was subsequently announced on 21 March 2019. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 1 February 2019, being the last undisturbed trading date.

Based on the above, we note that:

(a) the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) significantly above the range of premia of the Precedent POs of between 5.9% and 11.1%, and (ii) significantly above the corresponding mean premium of the Precedent POs of 8.5%;

(b) the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) above the range of premia of the Precedent POs of between 9.3% and 17.1%, and (ii) significantly above the corresponding mean premium of the Precedent POs of 13.2%;

(c) the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent POs of between 9.8% and 18.1%, and (ii) above the corresponding mean premium of the Precedent POs of 14.0%;

(d) the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent POs of between 18.0% and 18.7%, and (ii) close to the corresponding mean premium of the Precedent POs of 18.4%; and

(e) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (i) significantly above the range of offer price-to-NAV/NTA ratios of the Precedent POs of between 0.50 times and 1.13 times, and (ii) significantly above the corresponding mean offer price-to-NAV/NTA ratio of the Precedent POs of 0.82 times.

As it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST, we have also compared the valuation statistics of the Company (based on the Offer Price) *vis-à-vis* those of successful non-privatisation take-over offers of companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) which were announced between 1 January 2018 and the Offer Announcement Date, where the offeror had indicated its intention to preserve the listing status of the target companies (collectively, the "**Precedent Non-Privatisations**") as follows:

			Premium/(Discount) of offer price over/(to)(1)				
Company name	**Announcement date**	**Offer price (S$)**	**Last transacted price (%)**	**One-month VWAP (%)**	**3-month VWAP (%)**	**6-month VWAP (%)**	**Offer price to NTA/NAV (times)**
TIH Limited(2)(3)	8-Jan-2018	0.5700	4.6	11.8	17.3	20.5	0.85(4)
CH Offshore Ltd.	26 Jul-2018	0.1300	0.0	(11.0)	(11.6)	(21.7)	0.55(5)
Chew's Group Limited(6)	22-Aug-2018	0.2107	26.2	30.9	33.4	37.7	1.23(4)
Sunrise Shares Holdings Ltd	6-Dec-2018	0.0170	21.4	30.8	36.0	14.9	0.34(7)
Ying Li International Real Estate Limited	3-Apr-2019	0.1400	0.7	5.7	10.5	17.8	0.32(5)
ISEC Healthcare Ltd.(8)	26-Aug-2019	0.3600	5.9	11.3	15.1	19.9	3.13(7)
DLF Holdings Limited	20-Sep-2019	0.0810	(56.2)	(54.4)	(54.4)	(56.2)	18.56(5)
Axington Inc.	1-Jun-2020	0.2080	43.4	40.1	41.3	78.6	1.27(4)
Blumont Group Ltd.	16-Nov-2020	0.0004	(80.0)	(79.4)	(80.6)	(80.0)	1.13(5)
Lum Chang Holdings Limited	17-Nov-2020	0.3800	8.6	8.6	8.7	8.8	0.52(5)
Transit-Mixed Concrete Ltd	20-Feb-2021	0.1400	75.0	85.9	88.9	75.0	0.93(7)
Maximum			75.0	85.9	88.9	78.6	18.56
Mean(9)			13.0	7.3	9.5	10.5	0.79
Median(9)			7.3	11.3	15.1	17.8	0.85
Minimum			(80.0)	(79.4)	(80.6)	(80.0)	0.32
Company	**15-Mar-2021**	**0.3650**	**23.7**	**24.4**	**17.1**	**18.0**	**2.05**

Notes:

(1) The market premia/(discounts) were calculated based on the last transacted prices and relevant VWAPs of the respective target companies prior to the offer announcements.

(2) The offer price of S$0.570 for each offer share comprised (a) S$0.125 paid in cash, and (b) S$0.445 paid by the issue of 2.25% offeror notes due 3 years from the close of the offer.

(3) On 22 March 2017, TIH Limited announced in response to queries from the SGX-ST in relation to its unusual price movements that it was aware of ongoing discussions of a potential transaction involving a change of

control in TIH Limited. The voluntary unconditional offer for the issued shares of TIH Limited was announced on 8 January 2018. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 March 2017, being the last undisturbed trading date.

(4) Based on the adjusted NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.

(5) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.

(6) On 8 June 2018, Chew's Group Limited ("**Chew's Group**") announced (the "**Termsheet Announcement**") that it had been informed by its controlling shareholder, Fenghe Investment Holding Pte. Ltd. ("**Fenghe**"), that Fenghe had entered into a non-legally binding term sheet with a potential third-party purchaser for the proposed acquisition of a 68.14% equity interest in the issued share capital of Chew's Group at S$0.2107 per sale share. On 22 August 2018, the pre-conditional cash offer for the issued shares of Chew's Group was announced. Subsequently on 8 October 2018, the mandatory unconditional cash offer was announced. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 8 June 2018, being the last undisturbed trading date.

Chew's Group had on 21 March 2018 and 26 September 2018 declared a special one-tier tax exempt dividend of S$0.350 per share and a one-tier tax exempt interim dividend of S$0.10 per share respectively, which were paid on 10 May 2018 and 12 October 2018 respectively. In connection therewith, the closing share prices of Chew's Group had been adjusted to exclude the effects of the dividends on the closing prices of the shares of Chew's Group. Accordingly, the VWAPs of Chew's Group had been weighted based on the average traded prices (as adjusted for the dividends) and traded volumes of the shares during the relevant trading days for each of the respective periods prior to the Termsheet Announcement.

(7) Based on the NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.

(8) On 2 July 2019, ISEC Healthcare Ltd. ("**ISEC**") announced that certain of its shareholders were at an advanced stage of negotiations with a third-party purchaser for the sale of part of their shares in ISEC. On 26 August 2019, the pre-conditional mandatory cash offer for the issued shares of ISEC was announced. Subsequently on 25 October 2019, the mandatory conditional cash offer was announced. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 28 June 2019, being the last undisturbed trading date.

(9) Excludes (a) Blumont Group Ltd. as a statistical outlier in the computation of the mean and median premium/(discount) of the offer price over/(to) the last transacted price prior to offer announcement, and (b) ISEC and DLF Holdings Limited as statistical outliers in the computation of the mean and median offer price-to-NAV/NTA ratios.

Based on the above, we note that:

(a) the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 75.0%, and (ii) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 13.0% and 7.3% respectively;

(b) the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Non-Privatisations of between a discount of 79.4% and a premium of 85.9%, and (ii) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 7.3% and 11.3% respectively;

(c) the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Non-Privatisations of between a discount of 80.6% and a premium of 88.9%, and (ii) above the corresponding mean and median premia of the Precedent Non-Privatisations of 9.5% and 15.1% respectively;

(d) the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 78.6%, and (ii) above the corresponding mean and median premia of the Precedent Non-Privatisations of 10.5% and 17.8% respectively; and

(e) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (i) within the range of offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of between 0.32 times and 18.56 times, and (ii) significantly above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of 0.79 times and 0.85 times respectively.

Shareholders should note that the level of premium (if any) an acquirer would normally pay in a take-over offer varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the business synergies to be gained by the acquirer, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent POs and Precedent Non-Privatisations has to be judged on its own merits (or otherwise).

The list of Precedent POs and Precedent Non-Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent POs and the Precedent Non-Privatisations over the aforementioned periods, and does not highlight bases other than the aforementioned in determining an appropriate premium/discount for the Precedent POs and the Precedent Non-Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each Precedent PO and Precedent Non-Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to the making of the take-over offers. In addition, as some of the companies may have undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Precedent POs and Precedent Non-Privatisations with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent POs and Precedent Non-Privatisations and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent POs and the Precedent Non-Privatisations. Therefore, any comparison of the Partial Offer with the Precedent POs and the Precedent Non-Privatisations is solely for illustrative purposes and any conclusions drawn from the comparisons may not necessarily reflect any perceived market valuation for the Company.

8.7 Estimated Theoretical Valuation of the Shares

In arriving at an estimated theoretical valuation of the Shares, we have adopted the following:

(a) an earnings-based valuation methodology (namely, the LTM P/E and LTM EV/EBITDA ratios) in consideration of the earnings-based nature of the Group's principal business *vis-à-vis* an asset-based valuation methodology which is more commonly used for asset-heavy or asset-based companies; and

(b) a market-based approach to factor in the premium that an offeror would generally pay in a non-privatisation transaction, by applying the average of the corresponding mean and median premia of the Precedent POs and Precedent Non-Privatisations (the "**Precedent Premia**") to the relevant historical market prices of the Shares.

Valuation methodology	Derived theoretical valuation (S$ million)	Derived theoretical value per Share (S$)
Earnings-based approach		
LTM P/E ratios of Comparable Companies[(1)]	21.8 to 34.5	0.0742 to 0.1173
LTM EV/EBITDA ratios of Comparable Companies[(2)]	95.7 to 120.8	0.3253 to 0.4107
Market-based approach		
Precedent Premia of Precedent POs and Precedent Non-Privatisations[(3)]	104.2 to 107.5	0.3541 to 0.3653
Overall range[(4)]	**95.7 to 120.8**	**0.3253 to 0.4107**

Notes:

(1) Based on the mean and median LTM P/E ratios of the Comparable Companies of 12.8 times and 8.1 times respectively.

(2) Based on the mean and median LTM EV/EBITDA ratios of the Comparable Companies of 8.8 times and 6.8 times respectively.

(3) Based on the VWAP of the Shares of S$0.3093 for the 6-month period prior to and including the Last Trading Day (which we consider to be a reasonable period for assessment) and the average of the corresponding mean and median premia of the Precedent POs and Precedent Non-Privatisations of 14.5% and 18.1% respectively.

(4) Excludes the LTM P/E ratios of the Comparable Companies as the resultant derived theoretical valuations are clear outliers. The difference in the derived theoretical valuations between the earnings-based approach (using LTM EV/EBITDA ratios) and the market-based approach could be due to the different circumstances underlying these approaches, namely, (a) the earnings-based approach is dependent on*, inter alia*, the financial performance and scale of business operations of the Comparable Companies and the varying market valuations as at the Latest Practicable Date ascribed to the Comparable Companies by the different geographical stock exchanges which the Comparable Companies are listed on. As mentioned in paragraph 8.5 of this Letter, there is no company which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria, and such businesses may have fundamentally different profitability objectives, and (b) the market-based approach is based on the average premium paid by offerors for SGX-listed companies (which principal businesses are not necessarily similar to those of the Group) in non-privatisation transactions to garner a controlling stake in such companies, which is dependent on, *inter alia*, the attractiveness of the underlying business to be acquired, the business synergies to be gained by the acquirer, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations.

Based on the above, the overall range of derived theoretical valuations is between approximately S$95.7 million and S$120.8 million, which translates into between S$0.3253 and S$0.4107 per Share (the "**Estimated Theoretical Valuation Range**"). We note that the Offer Price of S$0.365 is within the Estimated Theoretical Valuation Range.

8.8 Other Relevant Considerations

8.8.1 Listing status of the Company

The Partial Offer is made for the Offer Shares, which, if successful, will result in the Offeror and its Concert Parties holding approximately 56.74% of the total number of Shares (excluding treasury shares) as at the Closing Date.

As set out in the Offer Document, the Offeror currently intends to maintain the listing status of the Company.

8.8.2 No compulsory acquisition

The Partial Offer, if successful, will, following the NT Transfer and the ACT Transfer, result in the Offeror having a direct holding in 51.00% of the Shares (excluding treasury shares). The Offeror will not, as a result of the Partial Offer, acquire 90.00% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees).

Accordingly, the rights of compulsory acquisition pursuant to Section 215(1) of the Companies Act will not arise as a result of the Partial Offer.

8.8.3 Business outlook of the Group

We note the following disclosure in the unaudited financial statements for FY2020 as announced by the Company on 24 February 2021. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the aforementioned announcement.

"*The COVID-19 pandemic has increased the reliance of businesses on cloud and data centre operations[1] to support remote working and online customer support activities. This shift has led to increased demand for data centre and client computing equipment, with research group Gartner[2] expecting global public cloud spending to grow 18% to $304.9 billion in 2021. The Group believes this overall increase in equipment demand benefits its core markets.*

Offsetting the increasing demand is the business disruption brought about with "second" and "third" wave pandemic infections in the Group's North American and European markets[3]. Restrictions on travel, face-to-face meetings, and customer site access have slowed the Group's ability to sell its solutions effectively. Additionally, the elevated global risk environment has introduced greater volatility and delays in purchasing activity as customer operations are frequently still disrupted. As a result, the Group has not been able to capitalise fully on the potential demand for its products and services.

The Group continues to adjust its operations to adapt to the more restrictive environment, and remains cautiously optimistic that the salubrious effects of COVID-19 vaccine rollouts globally will result in fewer restrictions to access to customer accounts and sales.

***Notes**:*

1 *Businesses turn to cybersecurity and cloud computing to overcome COVID-19 challenges https://www.globaldata.com/businesses-turn-cybersecurity-cloud-computing-overcome-covid-19-challenges/*

2 *Gartner forecasts Worldwide Public Cloud End-User Spending to Grow 18% in 2021 https://www.gartner.com/en/newsroom/press-releases/2020-11-17-gartner-forecasts-worldwide-public-cloud-enduser-spending-to-grow-18-percent-in-2021*

3 *Lessons from around the world on fighting Covid-19's second wave https://www.straitstimes.com/opinion/lessons-from-around-the-world-on-fighting-covid-19s-second-wave-0*"

8.8.4 Previous acquisitions of Shares by NTCP SPV VII and A.C.T. Holdings Pte Ltd

Salient information relating to the previous acquisitions of Shares by NTCP SPV VII and ACT Holdings during the 3-year period prior to the Offer Announcement Date is set out below:

Date of acquisition	Acquirer	Number of Shares	Transacted price per Share (S$)	Premium of Offer Price over transacted price per Share (%)
12 June 2020	NTCP SPV VII(1)	21,083,000	0.33	10.6
2 April 2019	ACT Holdings(2)	11,000,000	0.33	10.6
2 April 2019	ACT Holdings(2)	37,000,000	0.33	10.6
21 March 2019	NTCP SPV VII(3)	36,319,978	0.33	10.6

Notes:

(1) On 12 June 2020, NTCP SPV VII (as the purchaser) and ACT Holdings (as the vendor) entered into a sale and purchase agreement for the purchase of 21,083,000 Shares for an aggregate purchase consideration of S$6,957,390. NT Fund has deemed interests in the Shares held by NTCP SPV VII by virtue of its 100% ownership of NTCP SPV VII.

(2) On 2 April 2019, ACT Holdings completed the exercise of options to purchase (a) 11,000,000 Shares from Xu Wen Jiong for an aggregate purchase consideration of S$3,630,000, and (b) 37,000,000 Shares from Soh Chooi Lai for an aggregate purchase consideration of S$12,210,000.

(3) On 21 March 2019, NT Fund (with NTCP SPV VII as its nominee and transferee) completed the exercise of an option to purchase from DeClout 36,319,978 Shares for an aggregate purchase consideration of S$11,985,592.74.

We note that the Offer Price represents a premium of approximately 10.6% over the transacted price of S$0.33 for the acquisitions of Shares by NTCP SPV VII and ACT Holdings during the aforementioned 3-year period.

8.8.5 Receipt of non-binding letter of intent from Park Place Technologies, LLC in relation to proposed acquisition of the Group's third-party hardware maintenance business in November 2019

As announced by the Company on 5, 7 and 22 November 2019, the Company had (a) received an unsolicited, non-binding letter of intent (the "**LOI**") from an unrelated third party, Park Place Technologies, LLC ("**Park Place**"), in relation to the proposed acquisition (the "**Proposed Acquisition**") of the Group's third-party hardware maintenance business (the "**TPM Business**"), and (b) on 21 November 2019 agreed to the revised terms of the LOI. Pursuant to the LOI, the Proposed Acquisition was intended to be effected by way of a purchase of all of the Group's assets comprising the TPM Business at a purchase consideration of US$115 million (less a net working capital holdback, if applicable) in cash and on a debt free, cash free basis subject to certain conditions and due diligence findings. To the knowledge of the Company, Park Place is a private equity-sponsored third-party maintenance company supporting assets in over 141 countries globally and has over 1,300 employees.

On 15 January 2020, the Company announced that it and Park Place had mutually agreed to terminate further discussions for the Proposed Acquisition due to the Company and Park Place being unable to agree on the final price and structure of the Proposed Acquisition, and the Company and Park Place would therefore not be proceeding with the Proposed Acquisition.

We note that, although there had been an independent offer for the Group's third-party hardware maintenance business in November 2019, (a) there was no firm offer as the valuation was indicative and non-binding in nature and was subject to, *inter alia*, due diligence, (b) the Proposed Acquisition did not eventually proceed as the parties could not agree on the final price and structure, and (c) the non-binding offer had been made before the current COVID-19 situation, which was declared as a "global pandemic" by the World Health Organisation on 11

March 2020.

8.8.6 Market purchases of Shares by DeClout after the Offer Announcement

We note that subsequent to the Offer Announcement, DeClout had purchased an aggregate of 20,856,500 Shares at average transacted prices of between S$0.33449 and S$0.3650 during the period between 25 March 2021 and the Latest Practicable Date (the "**DeClout Purchases**"). The DeClout Purchases accounted for approximately 85.35% of the total trading volume of 24,435,400 Shares during this period. Following the DeClout Purchases, DeClout's shareholding interest in the Company increased from approximately 13.59% to 20.68% of the issued Shares as at the Latest Practicable Date.

Shareholders should note that the market prices of the Shares may be supported by the Partial Offer subsequent to the Offer Announcement, and there is no assurance that the market prices of the Shares after the close of the Partial Offer may be maintained at the prevailing level as at the Latest Practicable Date.

On 14 April 2021, the Company announced that it had received a letter dated 13 April 2021 from DeClout indicating, *inter alia*, that DeClout intends to vote against the Partial Offer at the current Offer Price.

8.8.7 Absence of competing offer

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Partial Offer being made by the Offeror, no other third party has made a firm offer for the Company. We also note that there is no publicly-available evidence of any alternative offer for the Offer Shares from any third party.

8.8.8 Offeror's intentions for the Group

As stated in the Offer Document, following the successful close of the Partial Offer, the Offeror intends to work with the Directors in undertaking a comprehensive strategic review of its businesses with the objective of creating sustainable value for all Shareholders through investing in long-term growth for the business. The Offeror expects that creating sustainable value through such actions may take several years.

The Offeror also intends for the Company to continue with its existing activities and has no intention to, in connection with or as a result of the Partial Offer, (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.

8.8.9 Conditional offer

The Partial Offer is subject to the Shareholders' Approval Condition and the Minimum Acceptances Condition. Shareholders should note that the Offeror Concert Party Group and its associates are not allowed to vote on the Partial Offer.

In the event that the Partial Offer becomes or is declared unconditional in all respects by the close of the Partial Offer:

(a) Shareholders who accept the Partial Offer will receive the Offer Price for each Offer Share validly tendered in acceptance of the Partial Offer, subject to the Scale-back and up to the Relevant Number of Offer Shares on a pro-rata basis (as set out in Appendix 1 to the Offer Document);

(b) following the NT Transfer and the ACT Transfer, the resultant direct shareholding of (i) the Offeror will be 51.00% of the Shares (excluding treasury shares) as at the Record Date, and (ii) the Offeror Concert Party Group will be 56.74% of the Shares (excluding treasury shares) as at the Record Date. Accordingly, the Offeror Concert Party Group will obtain statutory control over the Company which places the Offeror Concert Party Group in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Group and the ability to pass all ordinary resolutions at the Company's general meetings on matters in which the Offeror Concert Party Group does not have an interest; and

(c) neither the Offeror nor any persons acting in concert with it may acquire any Shares (excluding Shares acquired by them via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings in the Company) during a period of 6 months after the close of the Partial Offer. Subsequent to the aforementioned 6-month moratorium, the Offeror and parties acting in concert with it will be free to acquire further Shares without incurring any obligation to make a general offer for the Shares.

In the event that the Partial Offer does not become or is not declared unconditional in all respects by the close of the Partial Offer and has been withdrawn or has lapsed:

(a) all acceptances of the Partial Offer will be returned to the relevant Shareholders; and

(b) pursuant to Rules 16.7 and 33.1(a) of the Code, except with the consent of the SIC, neither the Offeror nor any persons acting in concert with it may, within 12 months from the date on which the Partial Offer is withdrawn or lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 14 to make an offer.

8.8.10 Dividend track record of the Company

The Company had last paid a one-tier tax-exempt cash dividend of S$0.00475 per Share in May 2017 in respect of the financial year ended 31 December 2016.

As set out in the Company's annual report for FY2020, the Company currently does not have a fixed dividend policy. In considering the form, frequency and amount of dividends that the board of Directors may recommend or declare in respect of any particular year or period, the board of Directors takes into account the Company's retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, as well as other factors which the board of Directors may determine appropriate.

9. OPINION AND ADVICE

9.1 Our Opinion

In arriving at our opinion on the financial terms of the Partial Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(a) notwithstanding the slight increase in the Group's revenue from approximately S$220.2 million in FY2018 to approximately S$233.5 million in FY2020, its pre-tax profit had decreased from approximately S$10.1 million in FY2018 to approximately S$4.0 million in FY2020 while its net profit attributable to owners of the Company had decreased from approximately S$5.3 million in FY2018 to approximately S$2.7 million in FY2020. Excluding the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the PPP, the Group would have recorded a net loss attributable to owners of the Company in FY2020;

(b) the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, and represents a premium of approximately 23.7% over the closing price of the Shares of S$0.295 on the Last Trading Day;

(c) the Offer Price represents:

  (i) a premium of approximately 17.1%, 18.0%, 17.1% and 24.4% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively;

  (ii) a premium of approximately 4.0% over the VWAP of the Shares of S$0.3508 for the period after the Offer Announcement and up to the Latest Practicable Date; and

  (iii) a marginal premium of approximately 1.4% over the closing price of the Shares of S$0.360 on the Latest Practicable Date;

(d) the Shares had generally outperformed the FTFSTAS Index during the one-year period prior to and including the Last Trading Day, and the closing prices of the Shares had increased by approximately 22.0% while the FTFSTAS Index had increased marginally by approximately 2.6% between the Last Trading Day and the Latest Practicable Date;

(e) the Offer Price represents a significant premium of approximately 104.6% over the NAV per Share of S$0.1784 (based on 294,237,973 issued Shares) as at 31 December 2020 and would value the Group at a P/NAV ratio of 2.05 times;

(f) in respect of the Comparable Companies:

  (i) the LTM P/E ratio of the Company of 39.8 times (as implied by the Offer Price) is (aa) within the range of LTM P/E ratios of the Comparable Companies of between 5.5 times and 189.7 times, and (bb) significantly above the mean and median LTM P/E ratios of the Comparable Companies of 12.8 times and 8.1 times respectively;

  (ii) the LTM EV/EBITDA ratio of the Company of 7.7 times (as implied by the Offer Price) is (aa) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 1.4 times and 78.0 times, (bb) below the mean LTM EV/EBITDA ratio of the Comparable Companies of 8.8 times, and (cc) above the median LTM EV/EBITDA ratio of the Comparable Companies of 6.8 times; and

  (iii) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies of between 0.95 times and 11.78 times, and (bb) above the mean and median P/NAV ratios of the Comparable Companies of 1.47 times and 1.23 times respectively;

(g) in respect of the Precedent POs:

  (i) the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) significantly above the range of premia of the Precedent POs of between 5.9% and 11.1%, and (bb) significantly above the corresponding mean premium of the Precedent POs of 8.5%;

  (ii) the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) above the range of premia of the Precedent POs of between 9.3% and 17.1%, and (bb) significantly above the corresponding mean premium of the Precedent POs of 13.2%;

(iii) the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent POs of between 9.8% and 18.1%, and (bb) above the corresponding mean premium of the Precedent POs of 14.0%;

(iv) the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent POs of between 18.0% and 18.7%, and (bb) close to the corresponding mean premium of the Precedent POs of 18.4%; and

(v) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) significantly above the range of offer price-to-NAV/NTA ratios of the Precedent POs of between 0.50 times and 1.13 times, and (bb) significantly above the corresponding mean offer price-to-NAV/NTA ratio of the Precedent POs of 0.82 times;

(h) in respect of the Precedent Non-Privatisations:

(i) the premium of approximately 23.7% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 75.0%, and (bb) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 13.0% and 7.3% respectively;

(ii) the premium of approximately 24.4% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 79.4% and a premium of 85.9%, and (bb) significantly above the corresponding mean and median premia of the Precedent Non-Privatisations of 7.3% and 11.3% respectively;

(iii) the premium of approximately 17.1% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.6% and a premium of 88.9%, and (bb) above the corresponding mean and median premia of the Precedent Non-Privatisations of 9.5% and 15.1% respectively;

(iv) the premium of approximately 18.0% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Non-Privatisations of between a discount of 80.0% and a premium of 78.6%, and (bb) above the corresponding mean and median premia of the Precedent Non-Privatisations of 10.5% and 17.8% respectively; and

(v) the P/NAV ratio of the Company of 2.05 times (as implied by the Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of between 0.32 times and 18.56 times, and (bb) significantly above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations of 0.79 times and 0.85 times respectively;

(i) the Offer Price is within the Estimated Theoretical Valuation Range of between S$0.3253 and S$0.4107 per Share;

(j) the Company will remain listed on the SGX-ST after the close of the Partial Offer, regardless of whether the Partial Offer is successful in becoming unconditional in all respects or the Partial Offer does not become unconditional in all respects and lapses;

(k) the Offer Price represents a premium of approximately 10.6% over the transacted price of S$0.33 for the acquisitions of Shares by NTCP SPV VII and ACT Holdings during the 3-year period prior to the Offer Announcement Date;

(l) the DeClout Purchases at average transacted prices of between S$0.33449 and S$0.3650 during the period between 25 March 2021 and the Latest Practicable Date; and

(m) as at the Latest Practicable Date, apart from the Partial Offer being made by the Offeror, no other third party has made a firm offer for the Company.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Partial Offer are **fair and reasonable**.

In determining that the Partial Offer is **fair**, we have considered the following pertinent factors:

(i) the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, and represents (aa) a premium over the closing price of the Shares on the Last Trading Day, (bb) a premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc) a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (dd) a marginal premium over the closing price of the Shares on the Latest Practicable Date;

(ii) the Offer Price represents a significant premium over the NAV per Share as at 31 December 2020; and

(iii) the Offer Price is within the Estimated Theoretical Valuation Range.

In determining that the Partial Offer is **reasonable**, we have considered the following pertinent factors:

(i) the Group's profitability had been deteriorating from FY2018 to FY2020 and, excluding the grants received from various government support programs relating to the COVID-19 pandemic including the forgiven loans under the PPP, the Group would have recorded a net loss attributable to owners of the Company in FY2020;

(ii) in respect of the Comparable Companies, although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is below the mean LTM EV/EBITDA ratio of the Comparable Companies, (aa) the LTM P/E ratio of the Company (as implied by the Offer Price) is significantly above the mean and median LTM P/E ratios of the Comparable Companies, (bb) the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is above the median LTM EV/EBITDA ratio of the Comparable Companies, and (cc) the P/NAV ratio of the Company (as implied by the Offer Price) is above the mean and median P/NAV ratios of the Comparable Companies;

(iii) in respect of the Precedent POs, (aa) the premium of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP of the Shares up to and including the Last Trading Day is significantly above the corresponding mean premium of the Precedent POs, (bb) the premium of the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is above the corresponding mean premium of the Precedent POs, (cc) the premium of the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day is close to the corresponding mean premium of the Precedent POs, and (dd) the P/NAV ratio of the Company (as implied by the Offer Price) is significantly above the corresponding mean offer price-to-NAV/NTA ratio of the Precedent POs;

(iv) in respect of the Precedent Non-Privatisations, (aa) the premium of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP of the Shares up to and including the Last Trading Day is significantly above the corresponding mean and median premia of the Precedent Non-Privatisations, (bb) the premium of the Offer Price over the 3-month and 6-month VWAP of the Shares up to and including the Last Trading Day is above the corresponding mean and median premia of the Precedent Non-Privatisations, and (cc) the P/NAV ratio of the Company (as implied by the Offer Price) is significantly above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Non-Privatisations;

(v) the Company will remain listed on the SGX-ST after the close of the Partial Offer, regardless of whether the Partial Offer is successful in becoming unconditional in all respects or the Partial Offer does not become unconditional in all respects and lapses;

(vi) the Offer Price represents a premium of approximately 10.6% over the transacted price of S$0.33 for the acquisitions of Shares by NTCP SPV VII and ACT Holdings during the 3-year period prior to the Offer Announcement Date; and

(vii) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.

9.2 Our Advice

Accordingly, we advise the Independent Directors to recommend that Shareholders (a) **vote in favour of** the Partial Offer, and (b) **accept** the Partial Offer. As at the Latest Practicable Date, the Partial Offer has not become or been declared to be unconditional in all respects and is subject to the Shareholders' Approval Condition and the Minimum Acceptances Condition.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Partial Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the financial terms of the Partial Offer. The recommendation made by them to the Shareholders in relation to the Partial Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Partial Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo
Chief Executive Officer

Huong Wei Beng
Director

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Appointment
Mr. Thomas Sean Murphy	3316 Bagley Passage Duluth GA 30097 United States of America	Chairman and Global Chief Executive Officer
Mr. Edward John Flachbarth	1820 Ballybunion Drive Duluth GA 30097 United States of America	Executive Director, Global President & Global Head of Maintenance
Mr. Ng Loh Ken Peter	c/o Procurri Corporation Limited 29 Tai Seng Avenue #02-01 Natural Cool Lifestyle Hub Singapore 534119	Lead Independent Director
Dr. Lim Puay Koon	c/o Procurri Corporation Limited 29 Tai Seng Avenue #02-01 Natural Cool Lifestyle Hub Singapore 534119	Independent Director
Mr. Wong Quee Quee, Jeffrey	c/o Procurri Corporation Limited 29 Tai Seng Avenue #02-01 Natural Cool Lifestyle Hub Singapore 534119	Independent Director
Mr. Loke Wai San	76 Peck Seah Street #02-00 Singapore 079331	Non-Independent, Non-Executive Director

2. HISTORY AND BUSINESS

The Company was incorporated in Singapore on 15 March 2013 and has been listed on the Mainboard of the SGX-ST since 20 July 2016. The Company is a leading global independent provider of IT lifecycle services and data centre equipment, and the platform of the Group acts as a global aggregator for businesses to purchase, dispose and manage the lifecycle of the enterprise hardware, including services such as maintenance, leasing and rental in over 100 countries through its global network of 21 offices and extensive partner locations.

3. SHARE CAPITAL

3.1 Issued Share Capital

Based on the business profile of the Company extracted from ACRA on the Latest Practicable Date, the Company has an issued and fully paid-up capital of S$76,722,587.81, comprising 294,237,973 Shares, and the Company does not hold any treasury shares.

3.2 Rights in respect of Capital, Voting and Dividends

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

3.3 Number of Shares Issued Since the End of FY2020

As at the Latest Practicable Date, 551,400 new Shares have been issued by the Company since the end of FY2020.

3.4 Outstanding Instruments Convertible into Shares

The Group operates the PSP, which was approved pursuant to a written resolution passed by Shareholders on 27 June 2016. As at the Latest Practicable Date, the Company has outstanding Awards capable of being vested or released into a maximum of 616,900 Shares under the PSP.

Assuming that all the Awards are vested and/or released into Shares on or prior to the Record Date, the Company will have 294,854,873 Shares in aggregate (excluding treasury shares).

The Group also operates the Procurri Corporation Employee Share Option Scheme ("**ESOS**"), which was approved pursuant to a written resolution passed by Shareholders on 27 June 2016. No awards have been granted under the ESOS for the financial years ended 31 December 2019 and 2020.

Save as disclosed above, the Company has not issued any instruments convertible into, rights to subscribe for, or Options in respect of, securities being offered for or which carry voting rights affecting the Shares that are outstanding as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

The Company does not have any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date.

4.2 Dealings in Offeror Securities by the Company

The Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of the Directors in Offeror Securities

Save as disclosed below and in the Offer Document, none of the Directors has any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

NT Fund has a direct interest in the Offeror by virtue of its shareholdings of the Offeror. NEG2 is the general partner of NT Fund. Accordingly, NEG2 has a deemed interest in the Offeror. Mr. Loke Wai San is entitled to exercise or control the exercise of no less than 20% of the votes attached to the voting shares in NEG2. Accordingly, Mr. Loke Wai San has a deemed interest in the Offeror, which NEG2 is deemed interested in. Mr. Loke Wai San does not have any direct interest in the Offeror.

4.4 Dealings in Offeror Securities by the Directors

Save as disclosed in the Offer Document, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below and in this Circular, none of the Directors have any direct or deemed interests in any Company Securities:

Name	Number of Shares						Aggregate number of Shares comprised in outstanding Awards
	Direct		Deemed		Total		
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)	
Mr. Thomas Sean Murphy	10,518,211	3.57	–	–	10,518,211	3.57	213,900
Mr. Edward John Flachbarth	9,858,456	3.35	–	–	9,858,456	3.35	165,900
Mr. Ng Loh Ken Peter	305,200	0.103	–	–	305,200	0.103	–
Mr. Wong Quee Quee, Jeffrey	278,400	0.095	–	–	278,400	0.095	–
Dr. Lim Puay Koon	24,400	0.008	–	–	24,400	0.008	–
Mr. Loke Wai San(2)	–	–	57,402,978	19.51	57,402,978	19.51	–

Notes:

(1) The percentage of shareholdings was 294,237,973 Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that there is no change to the total number of Shares (excluding treasury shares) and the total number of Shares held by the Offeror and Concert Parties as at the Record Date.

(2) Mr. Loke Wai San is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in NEG2, which is the general partner of the NT Fund (being one of the Consortium Members), and which in turn is the parent company of NT 7 Sub. Accordingly, he has a deemed interest in the Shares held by NT 7 Sub.

4.6 Dealings in Company Securities by the Directors

On 18 February 2021, pursuant to the PSP, the Company granted a total of 89,600 Awards to the following Directors:

Name	Number of Awards granted on 18 February 2021
Mr. Ng Loh Ken Peter	32,600
Mr. Wong Quee Quee, Jeffrey	32,600
Dr. Lim Puay Koon	24,400

All the above-mentioned Awards were vested in accordance with the terms of the PSP and new Shares were allotted and issued to the Directors in respect of their respective Awards on 22 February 2021.

Save as disclosed in this Circular and any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), none of the Directors have dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Company Securities owned or controlled by Novus Corporate Finance

As at the Latest Practicable Date, none of Novus Corporate Finance, its related corporations or any funds whose investments are managed by Novus Corporate Finance on a discretionary basis owns or controls any Company Securities.

4.8 Dealings in Company Securities by Novus Corporate Finance

As at the Latest Practicable Date, none of Novus Corporate Finance, its related corporations or any funds whose investments are managed by Novus Corporate Finance on a discretionary basis has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.9 Directors' Intentions

The Directors who hold Shares have, taking into account, *inter alia*, their respective personal investment objectives, indicated their intentions in respect of accepting or rejecting the Partial Offer in respect of their Shares as follows:

(a) As set out in the Offer Document, each of Mr. Thomas Sean Murphy and Mr. Edward John Flachbarth has given MS IUs to, *inter alia*:

   (i) tender 50% of his Shares in acceptance of the Partial Offer; and

   (ii) exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.

(b) Mr. Ng Loh Ken Peter, a Director who holds Shares, intends to:

   (i) tender none of his Shares in acceptance of the Partial Offer; and

   (ii) exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.

(c) Mr. Wong Quee Quee, Jeffrey, a Director who holds Shares, intends to:

   (i) tender all of his Shares in acceptance of the Partial Offer; and

   (ii) exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.

(d) Dr. Lim Puay Koon, a Director who holds Shares, intends to:

   (i) tender 9,400 of his Shares in acceptance of the Partial Offer; and

   (ii) exercise his voting rights in respect of all of his Shares to vote in favour of the Partial Offer.

4.10 Directors' service contracts

(a) Mr. Thomas Sean Murphy entered into an earlier service agreement with the Company on 28 June 2019 for an initial term of three (3) years commencing from 1 July 2019 to 30 June 2022. At the end of the initial term, the service agreement will be automatically renewed for a further period of three (3) years unless terminated in accordance with the terms of the service agreement. Pursuant to this earlier service agreement, Mr. Thomas Sean Murphy was entitled to an annual basic salary of S$504,000 and other benefits including a fixed monthly mobile allowance of S$100.30 and a fixed monthly transport allowance of S$989.30. In addition, Mr. Thomas Sean Murphy was eligible to a short-term incentive ("**STI**") payable in cash, which was conditional upon the achievement of certain Group Profit Before Tax ("**PBT**") targets for the FY determined by the Company's Remuneration Committee, and a long-term incentive ("**LTI**") payable in Shares (time-based in parts over three (3) years). Mr. Thomas Sean Murphy was also entitled to severance payments, which are only payable for loss of office under certain specific circumstances, of an amount which is the lower of: (i) S$750,000; (ii) the total emoluments paid to him for the year immediately preceding such loss of office as prescribed under Section 168(1A) of the Companies Act; or (iii) such maximum amount as may be prescribed by applicable laws or regulations to be legally payable to him without breach of applicable laws or regulations.

    This earlier service agreement between the Company and Mr. Thomas Sean Murphy was subsequently replaced on 2 February 2021 with a new service agreement for an initial term of three (3) years commencing from 1 January 2021 to 31 December 2023. At the end of the initial term, the service agreement will be automatically renewed for a further period of three (3) years unless terminated in accordance with the terms of the service agreement. Pursuant to this service agreement, Mr. Thomas Sean Murphy is entitled to an annual basic salary of S$704,000 and other benefits including a fixed monthly mobile allowance of US$75 and a fixed monthly transport allowance of US$740. As per the earlier service agreement, Mr. Thomas Sean Murphy is eligible to a STI payable in cash, which are conditional upon the achievement of certain PBT and/or Objectives & Key Results ("**OKR**") targets for the FY determined by the Company's Remuneration Committee, and a LTI payable in Shares to be cliff vested one-third annually over three (3) calendar years. The amounts of the STI and LTI for FY2021 are up to S$289,000 and S$294,000 respectively, while the amounts of STI and LTI for subsequent FYs will be determined by the Company's Remuneration Committee. Mr. Thomas Sean Murphy is also entitled to the same severance payments as under the earlier service agreement.

(b) Mr. Edward John Flachbarth entered into a service agreement with the Company on 28 June 2019 for an initial term of for a term of three (3) years commencing from 1 July 2019 to 30 June 2022. At the end of the initial term, the service agreement will be automatically renewed for a further period of three (3) years unless terminated in accordance with the terms of the service agreement. Pursuant to the service agreement, Mr. Edward John Flachbarth is entitled to an annual basic salary of S$456,000 and other benefits including a fixed monthly mobile allowance of S$100.30 and a fixed monthly transport allowance of S$989.30. In addition, Mr. Edward John Flachbarth is eligible to a STI payable in cash, which is conditional upon the achievement of certain Group PBT targets for the FY determined by the Company's Remuneration Committee, and a LTI payable in Shares (time-based in parts over three (3) years). The amounts of the STI and LTI for FY2021 are up to S$152,000 and S$228,000 respectively, while the amounts of STI and LTI for subsequent FYs will be determined by the Company's Remuneration Committee. Mr. Edward John Flachbarth is also entitled to severance payments which are only payable for loss of office under certain specific circumstances, of an amount which is the lower of: (i) S$600,000;

(ii) the total emoluments paid to him for the year immediately preceding such loss of office as prescribed under Section 168(1A) of the Companies Act; or (iii) such maximum amount as may be prescribed by applicable laws or regulations to be legally payable to him without breach of applicable laws or regulations.

Save as disclosed above, as at the Latest Practicable Date, there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation, and there are no such service contracts entered into or amended by the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.11 Other Disclosures

As at the Latest Practicable Date:

(a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Partial Offer;

(b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Partial Offer; and

(c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

5. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. The Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

7. SUMMARY OF FINANCIAL INFORMATION

7.1 Consolidated Income Statement

A summary of the audited consolidated income statement of the Group for FY2018, FY2019 and FY2020 is set out below.

	Audited FY2020	Audited FY2019	Audited FY2018
	S$'000	S$'000	S$'000
Revenue	233,467	221,289	220,236
Exceptional Items	–	–	–
Net profit before tax	4,031	4,737	10,077
Net profit after tax	2,696	3,775	5,337
Minority interests	–	–	–
Net earnings per share (cents)	0.92	1.33	1.89
Net dividends per share (cents)	–	–	–

The above summary is extracted from, and should be read in conjunction with, the annual reports of the Company for FY2018, FY2019 and FY2020 and their respective accompanying notes, copies of which are available for inspection at the Company's registered office as mentioned in paragraph 12 of Appendix II to this Circular.

7.2 Statement of financial position

Statement of the assets and liabilities of the Group for FY2020 are set out in the audited consolidated financial statements of the Group for FY2020, which can be found in Appendix IV to this Circular.

7.3 Material changes in financial position

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company on SGXNET, or which may be released by the Company subsequent to the despatch date of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2020, being the date to which the Company's last published audited financial statements were made up.

8. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2020, which are reproduced in Appendix IV to this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited consolidated financial statements of the Group for FY2020), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

9. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Group, there has been no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10. GENERAL

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

(b) Novus Corporate Finance Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name; (ii) the IFA Letter set out in Appendix I to this Circular; and (iii) all references thereto, in the form and context in which they appear in this Circular.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 29 Tai Seng Avenue, #02-01 Natural Cool Lifestyle Hub, Singapore 534119 during normal business hours for the period during which the Partial Offer remains open for acceptance:

(a) the Constitution;

(b) the annual reports of the Company for FY2018, FY2019 and FY2020 (which contain the audited consolidated financial statements of the Group for FY2018, FY2019 and FY2020);

(c) the IFA Letter set out in Appendix I to this Circular; and

(d) the letter of consent referred to in paragraph 10 of Appendix II to this Circular.

PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, VOTING AND DIVIDENDS

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, voting and dividends have been reproduced below:

1. The Rights of Shareholders in respect of Capital

SHARES

6. The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. — *Power to repurchase shares*

7. Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 53, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that:– — *Issue of shares*

   (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 53(1) with such adaptations as are necessary shall apply; and

   (b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 53(2), shall be subject to the approval of the Company in General Meeting.

8. (1) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. — *Issue of shares for which no consideration is payable to the Company and preference shares*

   (2) The Company may issue shares for which no consideration is payable to the Company.

(3) Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

(4) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

9. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

Treasury Shares

10. If, at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital, other than redeemable preference capital, or any alteration of preference shareholders' rights, may be repaid and the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the General Meeting shall be as valid and effectual as a Special Resolution carried at the General Meeting.

Variation of rights

11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution as is in force at the time of such issue, be deemed to be varied by the issue of further shares ranking equally therewith.

Issue of further shares with special rights

12. The Company may pay commission or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

Power to pay commission and brokerage

13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Power to charge interest on capital

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

Exclusion of equities

15. Except as herein provided no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.

Exercise of Member's rights

16. When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:–

Joint holders

(a) The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member.

(b) For the purposes of a quorum joint-holders of any share shall be treated as one Member.

(c) Only one certificate shall be issued in respect of any share.

(d) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.

(e) The joint-holders of any share shall be liable severally as well as jointly in respect of calls and any other payments which ought to be made in respect of such share.

(f) Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such share.

(g) On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.

(h) If more than one of such joint-holders are present in person or proxy at any General Meeting only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members or (as the case may be) the Depository Register amongst those so present in person or proxy shall be entitled to vote in respect of any of the shares so held.

SHARE CERTIFICATES

17. Every certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class. Certificates

18. Every person whose name is entered as a Member in the Register of Members shall be entitled within ten market days (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer or on a transmission of shares to one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding $2 for each such new certificate as the Directors may determine. Entitlement to certificates

19. Subject to the provisions of the Act, if any certificate shall be defaced, worn out, destroyed, lost or stolen, a new certificate may be issued in lieu thereof on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any stock exchange upon which the shares of the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding $2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such new certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. New certificates may be issued

TRANSFER OF SHARES

20. Subject to the provisions of this Constitution, all transfers of shares shall be effected by written instrument of transfer in the form as approved by any stock exchange upon which the shares of the Company may be listed or in any other form acceptable to the Directors. Form of transfer of shares

21. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Execution of transfer of shares

22. No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.

Person under disability

23. There shall be no restriction on the transfer of fully paid up shares (except as required by law, the listing rules of any stock exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any stock exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

Directors' power to decline to register

24. If the Directors refuse to register a transfer of any share, they shall within ten market days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of refusal as required by the Act.

Notice of refusal

25. The Directors may decline to register any instrument of transfer unless:–

Terms of registration of transfers

(a) such fee not exceeding $2 as the Directors may from time to time require, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.

26. The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required to any stock exchange upon which the shares of the Company may be listed, stating the period and the purpose or purposes of such closure. Suspension of registration

27. Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. Renunciation of allotment

TRANSMISSION OF SHARES

28. (1) In the case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. Survivor, executors or administrators entitled to shares of a deceased Member

(2) In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares.

(3) Nothing in this article shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him.

29. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member. Transmission of shares

30. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form approved by the Directors signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived. Requirements regarding transmission of shares

31. A person becoming entitled to a share by transmission shall be entitled to receive and give a discharge for the same dividends and be entitled to the other advantages to which he would be entitled if he were the Member in respect of the share, except that he shall not, before being registered as a Member in the Register of Members or before his name shall have been entered in the Depository Register in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to General Meetings. Rights of persons entitled to a share by transmission

32. The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with. Person entitled may be required to register or transfer share

33. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding $2 as the Directors may from time to time require or prescribe. Fee for registration of probate, etc

CALLS ON SHARES

34. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. Amounts and periods

35. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments. When made

36. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. Interest on overdue calls

37. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. On allotment

38. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment. Directors may differentiate between holders

39. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceed the amount of the call then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.

Payment in advance of calls

40. The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares.

Lien on dividends to pay call

LIEN AND FORFEITURE

41. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.

Company's lien

42. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit but no sale shall be made until such time as the moneys owing to the Company are presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served in such manner as the Directors shall think fit on such Member or the person (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice.

Notice to pay the amount due, and sale on non-compliance therewith

43. Upon any sale being made by the Directors of any shares to satisfy the lien of the Company thereon the proceeds shall be applied first in the payment of the costs of such sale, next in satisfaction of the debt, obligation, engagement or liability of the Member to the Company and the residue (if any) shall be paid to the Member whose shares have been forfeited or as he shall direct or to his executors, administrators or assigns.

Application of sale proceeds

44. A statutory declaration in writing that the declarant is a Director and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof

Title to shares forfeited or surrendered or sold to satisfy a lien shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

45. In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

Certificate of shares to be delivered to the Company

46. If a Member fails to pay any call or any part thereof on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment.

If call or instalment not paid, notice may be given

47. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

Form of notice

48. If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter before all payments required by the notice have been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

If notice not complied with shares may be forfeited

49. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such person as aforesaid.

Sale of shares forfeited

50. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

Rights and liabilities of Members whose shares have been forfeited or surrendered

51. The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified. Forfeiture applies to non-payment of call due at fixed time

ALTERATION OF CAPITAL

52. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, or which do not confer voting rights, as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed. Rights and privileges of new shares

53. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the shares held by holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this article. Issue of new shares to Members

(2) Notwithstanding article 53(1) but subject to article 8(3), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(a) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:–

(i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;

(ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and this Constitution; and

(iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

New shares otherwise subject to provisions of the Act and this Constitution

54. Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Power to consolidate, subdivide, redenominate and convert shares

55. (1) The Company may by Ordinary Resolution:–

(a) consolidate and divide all or any of its shares;

(b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(c) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.

(2) The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.

Power to reduce capital

56. The Company may by Special Resolution reduce its share capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise

acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

CONVERSION OF SHARES INTO STOCK

57. The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution re-convert any stock into paid-up shares of any denomination. Conversion of shares into stock and re-conversion

58. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum. Transfer of stock

59. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stockholders

60. The provisions of this Constitution which are applicable to paid-up shares shall, so far as circumstances will admit, apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder". Shares/stock

2. The Rights of Shareholders in respect of Voting

GENERAL MEETINGS

61. (1) Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. Annual General Meeting

(2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

62. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. Calling Extraordinary General Meetings

NOTICE OF GENERAL MEETINGS

63. (1) Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be called by at least twenty-one days' notice in writing and any Annual General Meeting and any other Extraordinary General Meeting by at least fourteen days' notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in the manner hereinafter mentioned to such persons as are under the provisions herein contained and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:– Notice of General Meetings

(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the Members having a right to vote at that meeting.

Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.

At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the shares of the Company may be listed.

(2) Notice of every General Meeting shall be given to:–

(a) every Member;

(b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and

(c) the Auditor for the time being of the Company.

64. (1) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member. Contents of notice

(2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(3) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

65. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:– Routine business

(a) declaring dividends;

(b) considering and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;

(c) appointing or re-appointing the Auditor and fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and

(d) appointing or re-appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.

66. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Special business

PROCEEDINGS AT GENERAL MEETINGS

67. No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five Members present in person or by proxy shall form a quorum. Quorum

68. If within half an hour from the time appointed for the General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum. Adjournment if quorum not present

69. The Chairman, if any, of the Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any General Meeting he be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman. Chairman

70. The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting. Adjournment

71. (1) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange). Mandatory polling

(2) Subject to article 71(1), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:–

(a) by the Chairman; or

(b) by at least five Members present in person or by proxy and entitled to vote thereat; or

(c) by any Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the General Meeting; or

(d) by a Member or Members present in person or by proxy, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this article 71(2) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll be so demanded (and the demand be not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

72. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman may (and, if required by the listing rules of any stock exchange upon which the shares of the Company may be listed or if so requested by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Taking a poll

73. If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude. Votes counted in error

74. In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote. Chairman's casting vote

75. A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. Time for taking a poll

76. After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed. End of General Meeting

VOTES OF MEMBERS

77. (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 9, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:– Voting rights of Members

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote, provided that:–

(i) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

(2) Save as otherwise provided in the Act:–

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(3) In any case where a Member is a Depositor, the Company shall be entitled and bound:–

(a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(4) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

78. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member and such corporation shall for the purpose of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat. Corporations acting by representatives

79. Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any General Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this article be deemed joint holders thereof. Voting rights of joint holders

80. Subject to the provisions of this Constitution every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of any share or shares upon which all calls due have been paid. Rights to vote

81. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. Objections

82. On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Votes on a poll

83. (1) An instrument appointing a proxy shall be in writing and:– Execution of proxies

(a) in the case of an individual shall be:–

(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation shall be:–

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 83(1)(a)(ii) and 83(1)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 85, failing which the instrument may be treated as invalid.

(2) The Directors may, in their absolute discretion:–

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in articles 83(1)(a)(ii) and 83(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), article 83(1)(a)(i) and/or (as the case may be) article 83(1)(b)(i) shall apply.

84. A proxy need not be a Member. Proxy need not be a member

85. (1) An instrument appointing a proxy or the power of attorney or other authority, if any:– Deposit of proxies

(a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.

(2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 85(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), article 85(1)(a) shall apply.

86. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting. Rights of proxies

87. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve. An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates and need not be witnessed.

Form of proxies

88. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Intervening death or mental disorder of principal not to revoke proxy

3. The Rights of Shareholders in respect of Dividends

DIVIDENDS

137. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

Declaration of ordinary dividend

138. The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.

Interim dividend

139. No dividend shall be paid otherwise than out of profits.

Dividend only out of profits

140. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:–

Application and apportionment of dividends

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

141. Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit.

Scrip Dividend Scheme

142. The Directors may retain any dividends or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Dividend may be retained

143. Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member. Payment of dividend in specie

144. Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque, draft, warrant or Post Office order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, draft, warrant or Post Office order shall be payable to the order of the person to whom it is sent. Payment by post

145. Every such cheque, draft, warrant or Post Office order shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque, draft, warrant or Post Office order which shall be sent by post duly addressed to the person for whom it is intended. Company not responsible for loss

146. No unpaid dividend shall bear interest against the Company. No interest

147. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. No dividend before registration

148. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under that article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same. Power to retain dividends pending transmission

149. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. Unclaimed dividends

150. A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Payment to Depository good discharge

RESERVES

151. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.

Power to carry profit to reserve

CAPITALISATION OF PROFITS AND RESERVES

152. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 53(2) (but subject to article 8(3)):–

Power to capitalise profits

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:–

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:–

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under article 152(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(3) In addition and without prejudice to the powers provided for by articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:–

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 91 and/or article 92(2) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

Company Registration No. 201306969W

Procurri Corporation Limited
and its Subsidiaries

Annual Financial Statements
31 December 2020

Building a better
working world

General Information

Directors

Thomas Sean Murphy
Edward John Flachbarth
Ng Loh Ken Peter
Wong Quee Quee, Jeffrey
Loke Wai San
Lim Puay Koon (appointed on 1 April 2020)

Company Secretary

Lin Moi Heyang

Registered Office

29 Tai Seng Avenue
#02-01 Natural Cool Lifestyle Hub
Singapore 534119

Share Registrar

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Yeow Hui Cheng
(Date of appointment: since financial year ended 31 December 2016)

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The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Procurri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Thomas Sean Murphy
Edward John Flachbarth
Ng Loh Ken Peter
Wong Quee Quee, Jeffrey
Loke Wai San
Lim Puay Koon

Arrangements to enable directors to acquire shares and debentures

Except as described in the paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required, to be kept under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), an interest in shares and share options of the Company and related corporations as stated below:

	Direct interest			Deemed interest		
Name of directors	**At beginning of the financial year or date of appointment**	**At end of the financial year**	**At end of 21 January 2021**	**At beginning of the financial year or date of appointment**	**At end of the financial year**	**At end of 21 January 2021**
The Company						
Ordinary shares						
Thomas Sean Murphy	9,784,811	10,357,911	10,357,911	–	–	–
Edward John Flachbarth	9,359,856	9,734,156	9,734,156	–	–	–
Ng Loh Ken Peter	137,600	272,600	272,600	–	–	–
Wong Quee Quee, Jeffrey	123,800	245,800	245,800	–	–	–
Lim Puay Koon	–	–	–	–	–	–
Loke Wai San	–	–	–	36,319,978	57,402,978	57,402,978
Share awards granted under Procurri Performance Share Plan						
Thomas Sean Murphy	412,800	374,200	374,200	–	–	–
Edward John Flachbarth	–	290,200	290,200	–	–	–
Ng Loh Ken Peter	135,000	–	–	–	–	–
Wong Quee Quee, Jeffrey	122,000	–	–	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options and awards

Procurri Corporation Performance Share Plan (the "Procurri PSP")

The Group operates a Performance Share Plan, the Procurri PSP, which was approved pursuant to a written resolution passed by the shareholders on 27 June 2016.

The Procurri PSP is administered by the Remuneration Committee (the "RC"), whose members are:

- Wong Quee Quee, Jeffrey (Chairman of the RC and independent and non-executive director)
- Ng Loh Ken Peter (Chairman of AC and lead independent and non-executive director)
- Lim Puay Koon (Independent and non-executive director)
- Loke Wai San (Non-independent and non-executive director)

Share options and awards (cont'd)

Subject to the absolute discretion of the RC, awards may be granted to the following participants under the Procurri PSP:

- confirmed employees of the group;
- directors of the Company and/or any of its subsidiaries and/or any of its associated companies who perform an executive function; and
- directors of the Company and/or any of its subsidiaries, other than those who perform an executive function

(subject to the rules of the Procurri PSP).

The maximum number of shares issuable or to be transferred by the Company under the Procurri PSP, when aggregated with the aggregate number of shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of issued shares (excluding treasury shares) from time to time.

The table below summarizes the number of shares which are the subject of the awards granted under the Procurri PSP that were outstanding, their fair value price as at the end of the reporting year, as well as the movement during the reporting year.

	Number of shares which are the subject of the awards granted under the Procurri PSP outstanding as at beginning of the year	Number of shares which are the subject of the awards granted under the Procurri PSP granted during the year	Number of shares issued pursuant to the awards during the year	Number of shares forfeited/lapsed pursuant to the awards during the year	Number of shares which are the subject of the awards granted under the Procurri PSP outstanding as at end of the year
2019	412,800	395,000	–	138,000	669,800
2020	669,800	1,540,500	1,131,600	–	1,078,700

The Company has granted 1,540,000 shares under the Procurri PSP on 12 May 2020. A total of 1,131,600 number of shares have been vested in the financial year ended 31 December 2020.

The information on directors (holding office at the date of this statement) of the Group participating in the Procurri PSP is as follows:

Participants	Aggregate number of shares comprised in awards granted since the start of the plan to end of year	Number of shares comprised in awards granted during the year	Aggregate number of shares comprised in awards vested since the start of the plan to end of year	Number of shares comprised in awards forfeited/ lapsed since the start of the plan to end of year	Aggregate number of shares comprised in awards outstanding as at end of year
Directors					
Thomas Sean Murphy	1,790,500	534,500	1,416,300	–	374,200
Edward John Flachbarth	1,326,500	414,500	692,300	344,000	290,200
Ng Loh Ken Peter	272,600	–	272,600	–	–
Wong Quee Quee, Jeffrey	245,800	–	245,800	–	–
Lim Puay Koon	–	–	–	–	–

Share options and awards (cont'd)

Procurri Corporation Employee Share Option Scheme (the "Procurri ESOS")

The Group operates an Employee Share Option, the Procurri ESOS, which was approved pursuant to a written resolution passed by the shareholders on 27 June 2016.

The Procurri ESOS is administered by the Remuneration Committee (the "RC"), whose members are:

- Ng Loh Ken Peter (Chairman of AC and lead independent and non-executive director)
- Wong Quee Quee, Jeffrey (Chairman of the RC and independent and non-executive director)
- Lim Puay Koon (Independent and non-executive director)
- Loke Wai San (Non-independent and non-executive director)

Subject to the absolute discretion of the RC, awards may be granted to the following participants under the Procurri ESOS:

- confirmed employees of the group;
- directors of the Company and/or any of its subsidiaries and/or any of its associated companies who perform an executive function; and
- directors of the Company and/or any of its subsidiaries, other than those who perform an executive function

(subject to the rules of the Procurri ESOS).

The maximum number of shares issuable or to be transferred by the Company under the Procurri ESOS, when aggregated with the aggregate number of shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of issued shares (excluding treasury shares) from time to time.

No awards have been granted under the Procurri ESOS for the financial years ended 31 December 2019 and 2020.

Audit Committee

The members of the Audit Committee (the "AC") at the date of this statement are as follows:

- Ng Loh Ken Peter (Chairman of AC and lead independent and non-executive director)
- Wong Quee Quee, Jeffrey (Chairman of the RC and independent and non-executive director)
- Lim Puay Koon (Independent and non-executive director)
- Loke Wai San (Non-independent and non-executive director)

Audit Committee (cont'd)

The AC carried out its functions in accordance with the Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance. Among other functions, it performed the following:

- reviewed with the external auditors their audit plan, the results of their audit and their report on the financial statements and the assistance given by the Company's officers to them;
- reviewed with the internal auditors the internal audit plan, the scope and results of the internal audit procedures and findings, the adequacy of the internal audit resources, the cost effectiveness and the assistance given by the management to the internal auditors;
- reviewed the semi-annual financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- reviewed the interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

Other functions performed by the AC are detailed in the corporate governance report section in the annual report of the Company.

The AC is satisfied with the independence and the objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Thomas Sean Murphy
Director

Edward John Flachbarth
Director

26 March 2021

Independent Auditor's Report to the Members of Procurri Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Procurri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Revenue Recognition

The Group recognized revenue from sale of goods of $156,211,000 during the financial year. We identified the appropriateness of the timing of revenue recognition from sale of goods to be an area of audit focus due to its significance.

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue recognition process and tested a sample of revenue transactions and the related supporting documents to assess if the related revenue and trade receivables are recorded in the correct accounting period. We performed sales cut−off test and reviewed credit notes issued to customers after year end to ascertain whether revenue is recorded in the correct period. We performed gross margins and trend analysis and compared them against prior year actual results and used data analytic procedures to analyze relationships between revenue, trade receivables and cash to identify any unusual trends. Lastly, we considered the adequacy of the disclosures in respect of revenue in Note 4 to the financial statements.

Impairment Assessment of Goodwill and Cost of Investment in Subsidiaries

As at 31 December 2020, the net carrying value of the goodwill is $11,656,000, which represents 43% of the total non-current assets and 22% of total equity. As disclosed in Note 15 to the financial statements, goodwill is allocated to two cash generating units ("CGUs"), Procurri Europe Limited ("PEL") and Procurri Malaysia Sdn Bhd ("PMY"). During the year ended 31 December 2020, management recognized impairment loss of $350,000 on goodwill allocated to PMY.

The net carrying value of the Company's cost of investment in subsidiaries amounted to $44,323,000 as at 31 December 2020. Management recognized impairment loss of $428,200 on cost of investment in PMY during the year 31 December 2020.

Management conducts impairment assessment of goodwill and cost of investment in subsidiaries by preparing value-in-use computations using discounted cash flow models to determine the recoverable amount of each CGU. In determining the value in use, management is required to apply judgements and make assumptions on estimates supporting underlying projected cash flows, taking into account current market conditions which has been impacted by the COVID-19 pandemic. We considered the audit of management's annual impairment test of goodwill and cost of investment in subsidiaries to be a key audit matter because the assessment process is complex and involved significant management judgement.

We assessed the method and evaluated the reasonableness of the key assumptions used by management in the impairment test to estimate the recoverable amount, in particular the forecasted revenue growth and gross margin rate, terminal growth rates and discount rates. We considered the robustness of management's budgeting process by comparing actual financial performance against previously forecasted results. We assessed the reasonableness of the forecasted revenue growth rate and gross margin rate by comparing them to historical performance and business plans, including the impact of COVID-19 pandemic. We evaluated the terminal growth rates by comparing them to external sources such as economic growth and expected inflation rates. We involved our internal valuation specialists to assess the reasonableness of the discount rates used by checking to comparable companies in the same industry. We reviewed management's analysis of the sensitivity of the value-in-use calculations to a reasonably possible change in the key assumptions. We also reviewed the adequacy of the Group's disclosures in Note 14 and 15 to the financial statements.

Key Audit Matters (cont'd)

Impairment Assessment of Trade Receivables

The Group's trade receivable balances were significant as they represent 31% of the total current assets in the consolidated balance sheet. The gross trade receivables and allowance for expected credit loss of trade receivables amounted to $33,499,000 and $1,716,000 respectively as at 31 December 2020. The Group uses a provision matrix to calculate expected credit losses for trade receivables which is determined based on the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. The determination of expected credit losses require management to exercise significant judgement and estimation uncertainty, including the impact COVID-19 may have on the debtors' businesses. As such, we determined this as a key audit matter.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered the age of the debts to identify collection risks. We requested trade receivable confirmations for selected trade debtors and reviewed for collectability by obtaining evidence of subsequent receipts from debtors. We also reviewed the past payment history and credit worthiness of debtors. We had discussions with management on the recoverability of long outstanding debts. We tested the ageing of the receivables and reviewed management's grouping of the receivables into category with similar loss patterns. We assessed the reasonableness of the allowance for expected credit losses by comparing the actual loss trends across periods against loss rate applied to management's grouping in the different geographical area. We also assessed the reasonableness of the adjustments made to historical loss rates to incorporate current conditions of the debtors and forward-looking information based on specific economic data, including the current business environment. We assessed the adequacy of the Group's disclosures on the trade receivables in Note 18 and the related risks such as credit risk and liquidity risk in Note 30.

Inventories Write-down

The Group's net inventories and the related allowance to write-down to net realizable value ("NRV") amounted to $26,035,000 and $7,355,000 respectively as at 31 December 2020. The Group's inventories mainly consist of computer hardware and peripheral equipment, which are subject to risks of obsolescence due to technological advancements or changes in consumers' preference. The determination of inventory write-down to NRV requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of the quantum of such write down based on their market value. As such, we determined this to be a key audit matter.

As part of our procedures, we obtained the inventory ageing report and discussed with management their procedures to identify slow-moving and obsolete inventories and assessed the adequacy of slow-moving and obsolete inventories write down to NRV. We selected samples of inventories and tested that they were stated at the lower of cost and NRV by verifying to market prices of products with similar technical specifications, and/or to selling prices of the inventories subsequent to year-end. We also assessed the adequacy of the disclosures related to inventories in Note 17 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Members of Procurri Corporation Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeow Hui Cheng.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

26 March 2021

Consolidated statement of comprehensive income
For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	4	233,467	221,289
Cost of sales		(168,722)	(143,185)
Gross profit		64,745	78,104
Other items of income			
Other income	5	6,103	1,130
Other credits	8	188	255
Other items of expense			
Selling expenses		(20,970)	(17,993)
Administrative expenses		(43,032)	(54,320)
Finance costs	7	(1,108)	(1,497)
Other charges	8	(1,895)	(942)
Profit before tax	9	4,031	4,737
Income tax expense	10	(1,335)	(962)
Profit for the year		2,696	3,775
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		271	267
Other comprehensive income for the year		271	267
Total comprehensive income for the year		2,967	4,042
Profit for the year attributable to:			
Owners of the Company		2,696	3,775
Total comprehensive income attributable to:			
Owners of the Company		2,967	4,042
Earnings per share attributable to owners of the Company (cents per share)			
Basic	11	0.92	1.33
Diluted	11	0.92	1.30

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Balance sheets
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Non-current assets					
Plant and equipment	12	2,957	13,005	8	11,808
Right-of-use assets	13	7,004	9,508	306	523
Investment in subsidiaries	14	–	–	44,323	44,387
Intangible assets	15	12,528	13,687	–	520
Finance lease receivables	16	210	864	–	–
Deferred tax assets	10	4,233	4,275	325	749
		26,932	41,339	44,962	57,987
Current assets					
Inventories	17	26,035	26,354	–	–
Trade and other receivables	18	34,564	51,214	27,815	17,247
Prepayments	19	9,186	13,375	17	20
Finance lease receivables	16	299	500	–	–
Cash and bank balances	20	32,700	17,132	4,753	5,847
		102,784	108,575	32,585	23,114
Total assets		129,716	149,914	77,547	81,101
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	21	27,206	46,680	2,360	4,620
Deferred income	22	16,197	25,386	–	–
Loans and borrowings	23	16,232	11,230	1,322	2,694
Lease liabilities	13	2,876	2,483	220	214
Income tax payable		1,154	1,580	1,195	1,133
		63,665	87,359	5,097	8,661
Net current assets		39,119	21,216	27,488	14,453
Non-current liabilities					
Deferred tax liabilities	10	67	63	–	–
Loans and borrowings	23	4,796	5,463	–	1,347
Lease liabilities	13	5,191	7,826	93	313
Provisions	24	815	681	65	65
Deferred income	22	2,679	1,822	–	–
		13,548	15,855	158	1,725
Total liabilities		77,213	103,214	5,255	10,386
Net assets		52,503	46,700	72,292	70,715

Balance sheets (cont'd)
As at 31 December 2020

	Note	Group		Company	
		2020	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	74,541	71,703	74,541	71,703
Retained earnings/ (accumulated losses)		24,638	21,942	(2,445)	(1,184)
Other reserves	26	(46,676)	(46,945)	196	196
		52,503	46,700	72,292	70,715
Non-controlling interests*		–	–	–	–
Total equity		52,503	46,700	72,292	70,715
Total equity and liabilities		129,716	149,914	77,547	81,101

* Less than $1,000

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Statements of changes in equity
For the financial year ended 31 December 2020

Group	Share capital (Note 25) $'000	Retained earnings $'000	Other reserves (Note 26) $'000	Equity attributable to owners of the Company $'000	Total equity $'000
Opening balance at 1 January 2020	71,703	21,942	(46,945)	46,700	46,700
Total comprehensive income for the financial year	–	2,696	271	2,967	2,967
Contributions by and distributions to owners					
Issuance of new shares pursuant to performance shares plan	324	–	(324)	–	–
Shares issued for acquisition of non-controlling interest	2,544	–	–	2,544	2,544
Share issuance expense	(30)	–	–	(30)	(30)
Share-based payment	–	–	322	322	322
	2,838	–	(2)	2,836	2,836
Closing balance at 31 December 2020	74,541	24,638	(46,676)	52,503	52,503
Opening balance at 1 January 2019	71,703	18,167	(20,829)	69,041	69,041
Total comprehensive income for the financial year	–	3,775	267	4,042	4,042
Contributions by and distributions to owners					
Share-based payment	–	–	120	120	120
Acquisition of non-controlling interests (Note 14)	–	–	(26,503)	(26,503)	(26,503)
Closing balance at 31 December 2019	71,703	21,942	(46,945)	46,700	46,700

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020

Company	Share capital (Note 25) $'000	Accumulated losses $'000	Other reserves (Note 26) $'000	Total equity $'000
Opening balance at 1 January 2020	71,703	(1,184)	196	70,715
Total comprehensive income for the year	–	(1,261)	2	(1,259)
<u>Contributions by and distributions to owners</u>				
Issuance of new shares pursuant to performance shares plan	324	–	(324)	–
Shares issued for acquisition of non-controlling interest	2,544	–	–	2,544
Share issuance expense	(30)	–	–	(30)
Share-based payment	–	–	322	322
Closing balance at 31 December 2020	74,541	(2,445)	196	72,292
Opening balance at 1 January 2019	71,703	(972)	76	70,807
Total comprehensive income for the year	–	(212)	–	(212)
<u>Contributions by and distributions to owners</u>				
Share-based payment	–	–	120	120
Closing balance at 31 December 2019	71,703	(1,184)	196	70,715

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Procurri Corporation Limited and its Subsidiaries

Consolidated cash flow statement
For the financial year ended 31 December 2020

	Note	Group	
		2020	**2019**
		$'000	$'000
Cash flows from operating activities			
Profit before tax		4,031	4,737
Adjustments for:			
Depreciation of plant and equipment	12	3,862	7,995
Depreciation of right-of-use assets	13	2,837	2,388
Amortisation of intangible assets	15	799	728
Share-based payment	27	322	120
Unwinding of discount interest on post-closing payment	8	–	587
Fair value adjustment on financial liability	8	(188)	–
Impairment loss on goodwill	8	350	–
Interest income	5	(67)	(186)
Finance costs	7	1,108	1,497
Inventories written down	17	7,355	1,999
Impairment loss on trade and other receivables	8	662	355
Provisions	24	123	207
Exchange differences		350	(107)
Operating cash flows before changes in working capital		21,544	20,320
Decrease/(increase) in inventories		543	(3,485)
Decrease in trade and other receivables		16,211	505
Decrease in finance lease receivables		856	793
Decrease/(increase) in prepayments		4,189	(5,043)
(Decrease)/increase in deferred income		(8,331)	6,845
(Decrease)/increase in trade and other payables and provisions		(5,603)	1,591
Net cash generated from operations		29,409	21,526
Income taxes paid		(1,930)	(3,113)
Net cash generated from operating activities		27,479	18,413
Cash flows from investing activities			
Purchase of plant and equipment		(1,381)	(2,873)
Proceeds from disposal of plant and equipment		–	121
Proceeds from maturity of fixed deposits		4,042	1,418
Interest received		67	186
Net cash generated from/(used in) investing activities		2,728	(1,148)

Consolidated cash flow Statement (cont'd)
For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from financing activities			
Share issuance expense		(30)	–
Proceeds from loans and borrowings		154,520	145,532
Repayments of loans and borrowings		(150,092)	(141,821)
Payment of principal portion of lease liabilities		(2,611)	(2,174)
Acquisition of non-controlling interest		(11,182)	(16,271)
Interest paid		(1,108)	(1,497)
Net cash used in financing activities		(10,503)	(16,231)
Net increase in cash and cash equivalents		19,704	1,034
Effect of exchange rate changes on cash and cash equivalents		(73)	(84)
Cash and cash equivalents at beginning of the financial year		11,623	10,673
Cash and cash equivalents at end of the financial year (Note 20)		31,254	11,623

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

1. Corporate information

Procurri Corporation Limited (the "Company") is a public listed company incorporated and domiciled in Singapore. The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 July 2016. Novo Tellus Capital Partners Private Ltd., with its co-investor, A.C.T. Holdings Pte Ltd, is the largest shareholder of the Group with a 29.62% stake.

The registered office and principal place of business of the Company is located at 29 Tai Seng Avenue, #02-01 Natural Cool Lifestyle Hub, Singapore 534119.

The principal activities of the Company are those of wholesale of computer hardware and peripheral equipment and investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), unless otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement*, SFRS(I) 7 *Financial Instruments: Disclosures,* SFRS(I) 16 *Leases*: *Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: *Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 3 *Business Combinations*: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired, and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognized in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognized on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the date of balance sheet.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating units may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	-	4 to 10 years
Restoration costs	-	5 years
Plant and equipment	-	3 to 6 years
Maintenance parts	-	5 years
Motor vehicles	-	5 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets (cont'd)*

Amortization is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Software	-	5 years
Technical know-how	-	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss relating to goodwill cannot be reversed in future periods.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("OCI") are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (cont'd)

2.12 *Impairment of financial assets (cont'd)*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Computer equipments and peripherals: purchase costs on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.16 *Government grants*

Government grants are recognized as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognized as income in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other income".

2.17 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 *Employee benefits*

(a) Defined contributions plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based payments

Procurri PSP

Benefits to employees are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, which takes into account market conditions and non-vesting conditions. This cost is charged to profit or loss over the vesting period, with a corresponding increase in the share-based payment reserve. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period and is recognised in employee benefits expense.

2. Summary of significant accounting policies (cont'd)

2.19 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premises - 2 – 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to Note 2.9.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd)

2.19 *Leases (cont'd)*

(a) As lessee (cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *Revenue recognition*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group supplies IT hardware equipment including but not limited to pre-owned servers, storage and networking equipment.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are sold with the right of return within 30 days.

The amount of revenue recognized is based on the estimated transaction price, which comprises the contractual price, net of expected returns. Based on the Group's experience with similar types of contracts, expected returns are insignificant.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

2. Summary of significant accounting policies (cont'd)

2.20 *Revenue recognition (cont'd)*

(b) Rendering of services

The Group renders IT maintenance services for a variety of IT system and networks as well as equipment refurbishment and data destruction services and asset disposal services.

Revenue derived from rendering of IT maintenance services are recognised over time on a straight-line basis, over the period of the contract when maintenance services are rendered.

For IT maintenance services, advance billings to customers are based on a payment schedule in the contract. A deferred income is recognised when the Group has yet to perform under the contracts but has received advanced payments from the customers.

Revenue derived from equipment refurbishment, data destruction, and asset disposal services, are recognised at the point in time upon completion of the service.

(c) Equipment rental and leasing income

Equipment rental and leasing income arising from operating leases on equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Finder's fee

The Group acts as an agent to provide a service of arranging another party to transfer goods or services to a customer. The Group recognizes a commission fee as a facilitator of a transaction. Revenue from finder's fee is recognized when the Group's right to receive payment is established.

(e) Interest income

Interest income including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

For the revenue streams (a), (b) and (c) stated above, in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customers of contract inception such that it reflects the credit characteristics of the party receiving financing in the contract.

In addition, the incremental costs of obtaining a contract are capitalised if these costs are recoverable. The Group has elected to apply the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred where the amortization period of the asset that would otherwise be recognized is one year or less.

2. Summary of significant accounting policies (cont'd)

2.21 *Taxes*

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.21 *Taxes (cont'd)*

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.22 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.23 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;

(b) a present obligation that arises from past events but is not recognised because

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheets of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 18 to the financial statements.

The carrying amount of trade receivables at the end of the reporting period is disclosed in Note 18.

(b) Inventories write-down

Inventory is stated at the lower of cost and net realisable value ("NRV"). The Group's inventories mainly consist of computer hardware and peripheral equipment, which are subject to risk of obsolescence due to technological advancements or changes in consumers' preferences.

The determination of inventories write-down to NRV requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of write-down required. The carrying amount of inventories stated at the lower of cost and NRV and the related allowance for write-down as at 31 December 2020 was $26,035,000 (2019: $26,354,000) and $7,355,000 (2019: $1,999,000) respectively.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment assessment of goodwill and cost of investment in subsidiaries

The Group's goodwill and the Company's cost of investment in subsidiaries are subjected to impairment assessment for the financial year ended 31 December 2020. Management assesses goodwill impairment annually. For cost of investment in subsidiaries, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessment, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. Any shortfall of the recoverable values against the carrying amounts of these assets will be recognized as impairment losses. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Notes 14 and 15 to the financial statements.

The carrying amounts of the Group's goodwill and the Company's cost of investment in subsidiaries as at 31 December 2020 were disclosed in Note 15 and 14 respectively.

4. Revenue

(a) Disaggregation of revenue

	IT Distribution		Lifecycle Services		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000	$'000	$'000
Major revenue stream						
Sale of goods	156,211	149,764	–	–	156,211	149,764
Rendering of services	–	–	73,656	67,757	73,656	67,757
Equipment rental and leasing	–	–	3,600	3,768	3,600	3,768
	156,211	149,764	77,256	71,525	233,467	221,289
Timing of transfer of goods or services						
At a point in time	156,211	149,764	4,734	10,774	160,945	160,538
Over time	–	–	72,522	60,751	72,522	60,751
	156,211	149,764	77,256	71,525	233,467	221,289

4. Revenue (cont'd)

(a) Disaggregation of revenue (cont'd)

	2020	**2019**
	$'000	$'000
Primary geographical markets		
Singapore	13,789	23,036
Europe, the Middle East and Africa	84,676	71,009
Americas	131,201	123,276
Others	3,801	3,968
	233,467	221,289

(b) Judgement and methods used in estimating revenue

Estimating variable consideration for sale of goods

In estimating the variable consideration for the sale of goods, management relies on historical experience with product returns of customers, analysed by customers and geographical areas.

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. For product returns, management considers its historical experience to develop an estimate of variable consideration for expected returns using the expected value method.

(c) Contract balances

Information about capitalized contract costs and deferred income from contract with customers is disclosed as follows:

	Group	
	2020	**2019**
	$'000	$'000
Capitalized contract costs (Note 19)	1,067	358
Deferred income	18,876	27,208

Deferred income primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for maintenance services.

Deferred income is recognized as revenue as the Group performs under the contract.

Significant changes in deferred income is explained as follows:

	Group	
	2020	**2019**
	$'000	$'000
Revenue recognized that was included in the deferred income balance at the beginning of the year	25,386	18,831

5. Other income

	Group 2020 $'000	Group 2019 $'000
Interest income on:		
- Finance lease receivables	33	58
- Fixed deposits	34	128
Government grants	5,425	23
Sales of other ancillary services	1	706
Rental of carpark	37	11
Others	573	204
	6,103	1,130

Government grants mainly related to Paycheck Protection Program ("PPP") in United States, Jobs Support Scheme ("JSS") in Singapore and Coronavirus Job Retention Scheme in United Kingdom as support measures to relief operations affected by COVID-19 of $5,355,000.

Congress in United States established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the US$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The PPP could spend to cover payroll, mortgage interest, rent, and utilities.

In Singapore, JSS provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

In United Kingdom, any employer can apply to the scheme to temporarily cover people's salaries, including businesses, charities, agencies and public authorities. Employees have to agree to be put on furlough – and an individual can't apply by themselves.

6. Employee benefits expense

	Group 2020 $'000	Group 2019 $'000
Salaries, allowances, bonuses and commissions	49,017	51,598
Contributions to defined contribution plan	4,584	3,666
Share-based payments (Note 27)	322	120
Other short-term benefits	2,029	4,707
	55,952	60,091

The employee benefits expense is charged under:

	Group 2020 $'000	Group 2019 $'000
Administrative expenses	27,745	37,560
Cost of sales	7,713	5,631
Selling expenses	20,494	16,900
	55,952	60,091

7. Finance costs

	Group 2020 $'000	Group 2019 $'000
Interest expense on:		
- Bank loans, trade receivables factoring, and line of credit	512	883
- Lease liabilities (Note 13)	596	614
	1,108	1,497

8. Other charges, net

	Group 2020 $'000	Group 2019 $'000
Other charges		
Impairment loss on trade and other receivables (Note 18)	(662)	(355)
Impairment loss on goodwill	(350)	–
Unwinding of discount interest on post-closing payment (Note 14)	–	(587)
Foreign exchange loss, net	(883)	–
	(1,895)	(942)
Other credits		
Foreign exchange gain, net	–	255
Fair value adjustment on financial liability	188	–
Other charges, net	(1,707)	(687)

9. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2020	**2019**
	$'000	$'000
Employee benefits expense (Note 6)	55,952	60,091
Operating lease expense	855	878
Depreciation of plant and equipment (Note 12)	3,862	7,995
Depreciation of right-of-use assets (Note 13)	2,837	2,388
Amortization of intangible assets (Note 15)	799	728
Professional fees	1,492	1,398
Director fees	246	306

10. Income tax expense

Components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are:

	Group	
	2020	**2019**
	$'000	$'000
Current income tax:		
Current income taxation	(1,425)	(1,413)
Over provision in respect of previous years	136	70
	(1,289)	(1,343)
Deferred income tax:		
Origination and reversal of temporary differences	72	(9)
(Under)/over provision in respect of previous years	(118)	120
Utilization of previously unrecognized deferred tax asset	–	270
	(46)	381
Income tax expense recognised in profit or loss	(1,335)	(962)

10. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020	**2019**
	$'000	$'000
Profit before tax	4,031	4,737
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	(1,284)	(748)
Non-deductible expenses	(1,449)	(1,136)
Income not subject to tax	1,557	384
Effect of partial tax exemption, tax incentives and tax relief	–	66
Over provision of income tax expense in respect of previous years	136	70
(Under)/over provision of deferred income tax expense in respect of previous years	(118)	120
Utilization of previously unrecognized deferred tax asset	–	270
Deferred tax assets not recognized	(206)	–
Effect of changes in tax rate	–	45
Others	29	(33)
Income tax expense recognised in profit or loss	(1,335)	(962)

Deferred tax (expense)/credit recognised in profit or loss includes:

	Group	
	2020	**2019**
	$'000	$'000
Excess of net book value of plant and equipment over tax values	36	80
Tax benefit arising from acquisition of non-controlling interests	(461)	–
Unutilized tax losses	59	(21)
Unutilized capital allowances	17	–
Provisions	446	202
(Under)/over provision in respect of previous years	(118)	120
Others	(25)	–
Total deferred tax (expense)/credit recognised in profit or loss	(46)	381

Deferred tax credit recognised in equity includes:

Acquisition of non-controlling interests	–	2,353

10. Income tax expense (cont'd)

Deferred tax balance in balance sheets:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities)				
Tax benefit arising from acquisition of non-controlling interests	1,892	2,353	–	–
Excess of net book value of plant and equipment over tax values	311	275	329	555
Unutilized tax losses	59	–	–	–
Unutilized capital allowances	17	–	17	–
Unremitted foreign income	(25)	–	(25)	–
Provisions	1,912	1,584	4	194
	4,166	4,212	325	749
Presented in the balance sheets as follow:				
Deferred tax assets	4,233	4,275	325	749
Deferred tax liabilities	(67)	(63)	–	–
	4,166	4,212	325	749

Unrecognized temporary differences relating to investment in subsidiaries

The Group has not recognized deferred tax liability in respect of undistributed profits of subsidiaries because the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognized amounted to $35,720,000 (2019: $30,989,000). The deferred tax liability is estimated to be $3,654,000 (2019: $3,435,000).

Unrecognized tax losses

At the end of the reporting period, the Group has tax losses of approximately $1,356,000 (2019: $146,000) that are available for offset against future taxable profits of the Group in which the losses arose, for which no deferred tax assets is recognized due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates.

10. Income tax expense (cont'd)

Unrecognized deferred tax assets arising from acquisition of non-controlling interests

At the end of the reporting period, the Group has unrecognized deferred tax assets of approximately $4,290,000 (2019: $4,235,000) arising from the acquisition of non-controlling interests (Note 14). From tax perspective, there is a step-up to the fair market value of the 49% non-controlling interests acquired, resulting in a difference between the tax base and accounting base. The Group has recognized $1,892,000 (2019: $2,353,000) of deferred tax assets as at 31 December 2020. The remaining deferred tax assets of $4,290,000 (2019: $4,235,000) are not recognized due to uncertainty of its recoverability.

11. Earnings per share

The basic earnings per share is calculated by dividing profit, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The diluted earnings per share is calculated by dividing profit, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	2020	**2019**
	$'000	$'000
Profit for the year attributable to owners of the Company	2,696	3,775
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for earnings per share computation	292,427	284,689
Effect of dilutions:		
- Contingently issuable performance shares	689	670
- Contingently issuable shares on Post-Closing Payment	–	5,555
Weighted average number of ordinary shares for diluted earnings per share computation	293,116	290,914
	2020	**2019**
Earnings per share attributable to owners of the Company (cents per share)		
Basic	0.92	1.33
Diluted	0.92	1.30

12. Plant and equipment

Group	Leasehold improvement $'000	Restoration costs $'000	Plant and equipment $'000	Maintenance parts $'000	Motor vehicles $'000	Total $'000
Cost:						
At 1 January 2019	2,794	140	9,557	32,483	119	45,093
Additions	544	–	953	1,316	72	2,885
Disposals	–	–	(79)	(377)	–	(456)
Reclassification from inventories	(13)	–	(439)	(9,509)	–	(9,961)
Exchange differences	23	–	(68)	(8)	2	(51)
At 31 December 2019 and 1 January 2020	3,348	140	9,924	23,905	193	37,510
Additions	216	–	962	137	66	1,381
Reclassification to inventories*	–	–	–	(19,617)	–	(19,617)
Exchange differences	43	–	(140)	(7)	3	(101)
At 31 December 2020	3,607	140	10,746	4,418	262	19,173

12. Plant and equipment (cont'd)

Group	Leasehold improvement $'000	Restoration costs $'000	Plant and equipment $'000	Maintenance parts $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation:						
At 1 January 2019	1,564	79	6,899	14,409	88	23,039
Depreciation charge for the year	674	–	1,648	5,657	16	7,995
Disposals	–	–	(55)	(277)	–	(332)
Reclassification to inventories	–	–	(745)	(5,407)	–	(6,152)
Exchange differences	13	–	(51)	(7)	–	(45)
At 31 December 2019 and 1 January 2020	2,251	79	7,696	14,375	104	24,505
Depreciation charge for the year	418	58	1,302	2,046	38	3,862
Reclassification to inventories*	–	–	–	(12,038)	–	(12,038)
Exchange differences	11	3	(114)	(13)	–	(113)
At 31 December 2020	2,680	140	8,884	4,370	142	16,216
Net book value:						
At 31 December 2019	1,097	61	2,228	9,530	89	13,005
At 31 December 2020	927	–	1,862	48	120	2,957

* The Group has reclassed the maintenance parts with an aggregate net book value of $9,529,000 to inventories. The reclassification of maintenance parts from plant and equipment to inventories is due to the business decision to hold the maintenance parts for both trading purpose and maintenance contracts.

12. Plant and equipment (cont'd)

Company	Leasehold improvement $'000	Plant and equipment $'000	Maintenance parts $'000	Total $'000
Cost:				
At 1 January 2019	1,799	1,746	30,566	34,111
Additions	–	–	1,939	1,939
Transfer-out	–	–	(9,938)	(9,938)
At 31 December 2019 and 1 January 2020	1,799	1,746	22,567	26,112
Additions	–	–	244	244
Transfer-out*	–	–	(22,811)	(22,811)
At 31 December 2020	1,799	1,746	–	3,545
Accumulated depreciation:				
At 1 January 2019	1,179	1,613	10,735	13,527
Depreciation charge for the year	458	49	6,106	6,613
Transfer-out	–	–	(5,836)	(5,836)
At 31 December 2019 and 1 January 2020	1,637	1,662	11,005	14,304
Depreciation charge for the year	162	76	2,277	2,515
Transfer-out*	–	–	(13,282)	(13,282)
At 31 December 2020	1,799	1,738	–	3,537
Net book value:				
At 31 December 2019	162	84	11,562	11,808
At 31 December 2020	–	8	–	8

* The Company has transferred the maintenance parts with an aggregate net book value of $9,529,000 to its subsidiary, Rockland Congruity LLC.

12. Plant and equipment (cont'd)

The depreciation expense is charged under:

	Group 2020 $'000	Group 2019 $'000
Cost of sales	2,480	6,522
Administrative expenses	1,382	1,473
	3,862	7,995

Purchase of plant and equipment

During the financial year, the Group acquired plant and equipment with an aggregate cost of $1,381,000 (2019: $2,885,000), of which $Nil (2019: $12,000) is payable to the supplier as at 31 December 2020. The cash outflow on acquisition of property, plant and equipment amounted to $1,381,000 (2019: $2,873,000).

Assets leased out under operating leases

The carrying amount of plant and equipment of the Group leased out under operating leases as at 31 December 2020 is $60,000 (2019: $1,542,000).

13. Leases

As a lessee

The Group has lease contracts for office premises. The Group's obligations under these leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Group also has certain leases of computer equipment, data centre racks and rental of office premises with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Group 2020 $'000	Group 2019 $'000
Office premises		
As at 1 January	9,508	6,605
Additions	303	5,050
Charge for the year	(2,837)	(2,388)
Exchange differences	30	241
As at 31 December	7,004	9,508

13. Leases (cont'd)

As a lessee (cont'd)

	Company 2020 $'000	Company 2019 $'000
Office premises		
As at 1 January	523	–
Additions	–	649
Charge for the year	(217)	(126)
Exchange differences	–	–
As at 31 December	306	523

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Note	Group 2020 $'000	Group 2019 $'000
At 1 January		10,309	7,530
Additions		303	5,050
Accretion of interest	7	596	614
Payments		(3,207)	(2,782)
Exchange differences		66	(103)
At 31 December		8,067	10,309
Current	2021	2,876	2,483
Non-current	2022 – 2028	5,191	7,826
Total lease liabilities		8,067	10,309

		Company 2020 $'000	Company 2019 $'000
At 1 January		527	–
Additions		–	649
Accretion of interest		12	10
Payments		(226)	(132)
At 31 December		313	527
Current	2021	220	214
Non-current	2022	93	313
Total lease liabilities		313	527

13. Leases (cont'd)

As a lessee (cont'd)

The maturity analysis of lease liabilities is disclosed in Note 30(b).

Lease liabilities denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollars	3,547	4,751	–	–
Great Britain Pound	3,040	3,389	–	–
Euro	527	567	–	–

The following are the amounts recognised in profit or loss:

	Note	Group	
		2020	**2019**
		$'000	$'000
Depreciation expense of right-of-use assets		2,837	2,388
Interest expense on lease liabilities	7	596	614
Lease expense not capitalised in lease liabilities:			
- Expense relating to short-term leases (included in sales and distribution costs and general and administrative expenses)		428	483
- Expense relating to leases of low-value assets (included in sales and distribution costs and general and administrative expenses)		427	395
Total	9	855	878
Total amount recognised in profit or loss		4,288	3,880

The Group had total cash outflows for leases of $4,062,000 (2019: $3,666,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $303,000 (2019: $5,050,000).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

13. Leases (cont'd)

As a lessor

Operating leases – as lessor

The Group acts as a lessor for the managed services receivable and rentals receivable for certain plant and equipment. These leases have an average term of one month to five years.

Income from the operating lease recognized during the financial year was $3,600,000 (2019: $3,759,000).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows: -

	Group	
	2020	**2019**
	$'000	$'000
Not later than one year	1,018	1,919
Later than one year and not later than five years	2	282
At 31 December	1,020	2,201

14. Investment in subsidiaries

	Company	
	2020	**2019**
	$'000	$'000
Shares, at cost	42,982	42,902
Issuance of Procurri PSP to employees of subsidiaries	1,769	1,485
	44,751	44,387
Less: Impairment loss	(428)	–
	44,323	44,387

	Company	
	2020	**2019**
	$'000	$'000
The movement in impairment loss accounts is as follows:		
At 1 January	–	–
Impairment loss	428	–
At 31 December	428	–

14. Investment in subsidiaries (cont'd)

Impairment assessment for investment in subsidiaries

During the financial year ended 31 December 2020, the Company has performed the impairment assessment for investment in Procurri Singapore Pte Ltd ("PSG"), Procurri Asia Pacific Pte Ltd ("PAP") and Procurri Malaysia ("PMY") of $17,034,000 due to impairment indicator noted. In respect of PSG and PAP, no impairment loss has been recognised.

Meanwhile for impairment assessment for PMY, the Company has recognised an impairment loss of $428,200 in profit or loss. The recoverable amounts were determined based on the cash flow forecasts from the updated financial budgets approved by management that use various significant operational and predictive assumptions, and taking into consideration the adverse effect on businesses arising from and the current evolving COVID-19 situation, as well as the historical trend (pre-COVID-19) and long term average growth rates. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rates, and the pre-tax discount rates as explained in Note 15.

Composition of the Group

The Group has the following significant investment in subsidiaries.

Name of subsidiary/ Principal place of business	Principal activities	Percentage of equity held 2020 %	2019 %
Procurri Singapore Pte. Ltd. ("Procurri Singapore") [(a)] Singapore	Business of supply, rental and maintenance and servicing of computer hardware and peripheral equipment	100	100
Procurri Malaysia Sdn. Bhd. ("Procurri Malaysia") [(c)] Malaysia	Sales of all kinds of computer systems and hardware, provision of maintenance and related services, and rental of computer parts and fully configured servers	100	100
Procurri Asia Pacific Pte. Ltd. ("Procurri Asia Pacific") [(a)] Singapore	Business of supply, rental and maintenance and servicing of computer hardware and peripheral equipment	100	100
ASVIDA UK Limited [(c)] United Kingdom	Investment holding	100	100
Procurri India Private Limited [(c)] India	Business of hardware sales, maintenance and services	100	100

14. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiary/ Principal place of business	Principal activities	Percentage of equity held 2020 %	2019 %
Procurri Canada Limited[d]	Sale of IT asset disposal, repair services, data center services, hardware resale and independent maintenance services of computer hardware and peripheral equipment	100	–
Procurri Australia Pty. Ltd. [d]	Sale of IT asset disposal, repair services, data center services, hardware resale and independent maintenance services of computer hardware and peripheral equipment	100	–
Held through Procurri Asia Pacific:			
Procurri Beijing Co., Ltd. [c] China, Beijing	Repair and maintenance of computer hardware and peripherals, and data processing equipment; computer network and system integration design, installation, commissioning, maintenance, and the provision of technical advice and services; data processing; enterprise management consulting; and wholesale, import and export of computer hardware and peripheral equipment	100	100
Held through ASVIDA UK Limited:			
Procurri LLC [e] United States	Business of provision of information technology solutions	100	100
Procurri Europe Limited ("PEL") [b] United Kingdom	As an investment holding, engage in the distribution of information technology (IT) spare parts, refurbishment and subsequent sales of second user, reconfigured mid to high end IT equipment in the global market	100	100
Held through PEL:			
Procurri GmbH ("PGmbH") [d] United Kingdom	Sale and distribution of computer hardware products, maintenance and other services related to IT systems and networks	100	100

14. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiary/ Principal place of business	Principal activities	Percentage of equity held 2020 %	2019 %
Held through Procurri LLC:			
Procurri S. de R.L. de C.V. [(d)] Mexico	Business of provision of information technology solutions	100	100
Rockland Congruity LLC [(e)] United States	Engage in IT hardware and enterprise support by offering independent maintenance and IT support services in the Americas	100	100

(a) Audited by Ernst & Young LLP in Singapore
(b) Audited by member firms of EY Global in the respective countries
(c) These subsidiaries are not significant to the Group and are audited by other firms of accountants other than member firms of Ernst & Young
(d) Not required to be audited under the laws of the country of incorporation
(e) Audited by Ernst & Young LLP in Singapore for group reporting purpose

Acquisition of subsidiary

(a) Rockland Congruity LLC

The Group and Congruity incorporated a Delaware Limited Liability Company, Rockland Congruity LLC ("Rockland") in which the Group subscribed to a 51% equity interest in Rockland for US$51. The President of Rockland is appointed by Congruity, however, the Group has the ability to direct the relevant activities of Rockland through its 51% equity interest and other rights over financial and operational matters given in the operating agreement.

The material terms under the operating agreement are as follows:

(i) Congruity has assigned to the Group its rights to distributions in respect of its 49% interest in Rockland, for the period of two years commencing from date of incorporation of Rockland to 31 December 2018. The rights to distributions is extended to 31 March 2019.

(ii) A call option has been granted to the Group to acquire the remaining 49% membership interest in Rockland from Congruity at an agreed formula with reference to Rockland's 2018 audited financials.

(iii) In the event that the audited net tangible assets ("NTA") of Rockland at 31 December 2018 is less than US$9,700,000, Congruity shall pay the NTA shortfall, being the difference between US$9,700,000 and the actual FY2018 NTA, in cash to Rockland contemporaneous with the Group's purchase of the remaining 49% membership interest in Rockland.

14. Investment in subsidiaries (cont'd)

Acquisition of subsidiary (cont'd)

(a) Rockland Congruity LLC (cont'd)

On 18 November 2018, Procurri LLC entered into an interest purchase agreement with Congruity, contingent on shareholders' approval, to acquire 49% of issued and outstanding equity interests of Rockland held by Congruity LLC for an aggregate purchase consideration of US$22,000,000.

In 2019, the acquisition was completed. The first payment of US$12,000,000 was paid on 30 March 2019. The next payment of US$10,000,000 ("Post-Closing Payment") was paid out on 14 February 2020. A portion of such payment obligation was satisfied through the issuance of shares of the Company amounted to US$2,000,000 to Congruity LLC.

With the payment, acquisition of remaining 49% has been completed and Rockland becomes a wholly-owned subsidiary of the Group.

The following summarizes the effect of the change in the Group's ownership interest in Rockland on the equity attributable to owners of the Company:

	2019
	$'000
Consideration paid for acquisition of non-controlling interests	28,856
Less: Recognized deferred tax assets arising from the acquisition of non-controlling interests	(2,353)
Less: Equity attributable to non-controlling interests	–*
Increase in equity attributable to owners of the Company (Note 26)	26,503

* *Less than $1,000*

Incorporation of subsidiaries

(a) Procurri Canada Limited

On 23 February 2020, the Company has incorporated a new wholly-owned subsidiary, Procurri Canada Limited with an authorized issued and paid-up share capital of CAD$100.

(b) Procurri Australia Pty. Ltd.

On 10 June 2020, the Company has incorporated a new wholly-owned subsidiary, Procurri Australia Pty. Ltd. with an authorized issued and paid-up share capital of AUS$30,000.

15. Intangible assets

Group	**Goodwill** $'000	**Customer relationship** $'000	**Technical know-how** $'000	**Software** $'000	**Total** $'000
Cost:					
At 1 January 2019	11,814	946	2,598	–	15,358
Additions	–	–	–	1,375	1,375
Exchange differences	192	–	–	(8)	184
At 31 December 2019 and 1 January 2020	12,006	946	2,598	1,367	16,917
Exchange differences	–	–	–	(35)	(35)
At 31 December 2020	12,006	946	2,598	1,332	16,882
Accumulated amortization and impairment:					
At 1 January 2019	–	946	1,559	–	2,505
Amortization charge for the year (Note 9)	–	–	519	209	728
Exchange differences	–	–	–	(3)	(3)
At 31 December 2019 and 1 January 2020	–	946	2,078	206	3,230
Amortization charge for the year (Note 9)	–	–	520	279	799
Impairment loss (Note 8)	350	–	–	–	350
Exchange differences	–	–	–	(25)	(25)
At 31 December 2020	350	946	2,598	460	4,354
Net book value:					
At 31 December 2019	12,006	–	520	1,161	13,687
At 31 December 2020	11,656	–	–	872	12,528

15. Intangible assets (cont'd)

Company	Technical know-how $'000
Cost:	
At 1 January 2019, 31 December 2019 and 2020	2,598
Accumulated amortization and impairment:	
At 1 January 2019	1,559
Amortization charge for the year	519
At 31 December 2019 and 1 January 2020	2,078
Amortization charge for the year	520
At 31 December 2020	2,598
Net book value:	
At 31 December 2019	520
At 31 December 2020	–

Amortization expense

The amortization of customer relationship, technical know-how and software are included in the "Administrative expenses" line item in profit or loss.

Goodwill

Goodwill arising from the acquisitions has been allocated to the following cash generating units ("CGU"):

	Group	
	2020 $'000	**2019** $'000
PEL [(a)]	9,444	9,444
Procurri Malaysia [(b)]	2,212	2,562
	11,656	12,006

15. Intangible assets (cont'd)

Goodwill (cont'd)

[(a)] The recoverable amount was determined based on the value-in-use method. The value in use was measured by management using a discounted cash flow model covering a five-year period (2019: five-year period). Cash flow projections were based on a three-year budget and plans approved by management. This was further extrapolated for a five-year period. Cash flow projections have been extrapolated on the basis at 5.00% to 10.00% (2019: 5.00% to 10.00%) growth rate on revenue. A terminal growth rate of 1.00% (2019: 1.00%) was used on cash flows after the fifth year. The terminal growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) was 15.44% (2019: 12.35%) taking into account time value of money, individual risk of underlying assets and is comparable to market participants. No impairment charge was recognized as the carrying amount of the CGU was lower than its recoverable amount. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable amount.

[(b)] The recoverable amount was determined based on the value-in-use method. The value in use was measured by management using a discounted cash flow model covering a five-year period (2019: five-year period). Cash flow projections were based on a three-year budget and plans approved by management. This was further extrapolated for a five-year period. Cash flow projections have been extrapolated on the basis at 9.00% to 20.00% (2019: 5.00% to 33.00%) growth rate on revenue. A terminal growth rate of 1.00% (2019: 1.00%) was used on cash flows after the fifth year. The terminal growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) was 17.46% (2019: 15.00%) taking into account time value of money, individual risk of underlying assets and is comparable to market participants. As a result of this analysis, management has recognized an impairment charge of $350,000 in the current year against goodwill associated with the acquisition of Procurri Malaysia. The impairment charge is recorded within the "Other charges" line item in profit or loss.

16. Finance lease receivables

Group	Minimum payments $'000	Unearned finance income $'000	Present value $'000
31.12.2020			
Minimum lease payments receivable:			
Not later than one year	308	(9)	299
Later than one year and not later than five years	218	(8)	210
	526	(17)	509

16. Finance lease receivables (cont'd)

Group	Minimum payments $'000	Unearned finance income $'000	Present value $'000
31.12.2019			
Minimum lease payments receivable:			
Not later than one year	539	(39)	500
Later than one year and not later than five years	891	(27)	864
	1,430	(66)	1,364

The average lease term is one to three years (2019: one to five years). The average effective interest rate is 0.33% to 8.77% (2019: 0.33% to 8.77%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental receipts. The fair value of the finance lease receivables approximates the carrying value.

17. Inventories

	Group 2020 $'000	Group 2019 $'000
Balance sheet:		
Computer equipment and peripheral equipment held for sale	26,035	26,354
Income statement:		
Inventories recognized as an expense in cost of sales	118,577	103,851
Inclusive of the following charge:		
- Inventories written down	7,355	1,999

18. Trade and other receivables

	Group		Company	
	2020 $'000	**2019** $'000	**2020** $'000	**2019** $'000
Trade receivables				
- Third parties	33,499	48,091	–	–
Less: Impairment loss	(1,716)	(1,544)	–	–
	31,783	46,547	–	–
- Amount due from subsidiaries	–	–	8,627	8,724
Total trade receivables, net	31,783	46,547	8,627	8,724

18. Trade and other receivables (cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Other receivables				
- Third parties	301	1,999	2	15
- GST receivables	6	25	19	20
- Sales tax receivables	1,069	1,082	–	–
- Advances to staff	279	484	–	–
- Deposit	655	840	45	45
- Amounts due from subsidiaries	–	–	14,943	4,858
- Loans to subsidiaries	–	–	4,179	3,585
- Tax recoverable	1,482	1,259	–	–
	3,792	5,689	19,188	8,523
Less: Impairment loss	(1,011)	(1,022)	–	–
Total other receivables, net	2,781	4,667	19,188	8,523
Total trade and other receivables	34,564	51,214	27,815	17,247
Add: Cash and bank balances (Note 20)	32,700	17,132	4,753	5,847
Less: GST receivables	(6)	(25)	(19)	(20)
Less: Sales tax receivables, net	(58)	(60)	–	–
Less: Tax recoverable	(1,482)	(1,259)	–	–
Total financial assets carried at amortized cost	65,718	67,002	32,549	23,074

Trade receivables

Trade receivables are non-interest bearing and generally ranges from 30 to 60 days terms. They are recognised at their original invoice accounts which represent their fair values on initial recognition.

Included within trade receivables from third parties are factored receivables of $5,886,000 (2019: $1,045,000) transferred to a factoring bank (Note 23).

Trade and other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollars	20,989	34,005	14,686	12,383
Great Britain Pound	11,243	11,411	–	–
Euro	1,189	1,861	–	–
Malaysian Ringgit	904	783	–	–
Chinese Renminbi	285	266	–	–
Indian Rupee	443	619	–	–
Australian Dollars	73	–	–	–
Canadian Dollars	404	–	–	–

18. Trade and other receivables (cont'd)

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL are as follows:

	Group	
	2020	**2019**
	$'000	$'000
Movement in allowance accounts:		
At 1 January	2,566	2,559
Charge for the year (Note 8)	662	355
Written off	(490)	(340)
Foreign exchange movements	(11)	(8)
At 31 December	2,727	2,566

Other receivables

As of 31 December 2019, included within other receivables from third parties is an interest-free loan receivable due from Congruity LLC of US$1,300,000 which will be netted-off against the Post-Closing Payment of US$10,000,000 payable to Congruity LLC in financial year ending 31 December 2020. The Post-Closing Payment was settled on 14 February 2020.

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand by cash.

Loans to subsidiaries are unsecured, bears interest of 2.75% (2019: 2.70%), repayable within next twelve months and are to be settled in cash.

All loans to subsidiaries are denominated in United States Dollars.

19. Prepayments

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Advances to suppliers	7,991	12,864	–	–
Prepayments	128	153	17	20
Capitalized contract cost	1,067	358	–	–
	9,186	13,375	17	20

20. Cash and bank balances

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Cash and bank balances	32,700	17,132	4,753	5,847
Less: Pledged deposits	(785)	(1,467)	(661)	(1,347)
Less: Fixed deposit	(661)	(4,042)	(661)	(2,695)
Cash and cash equivalents	31,254	11,623	3,431	1,805

Pledged deposits represent amounts held by banks as security for banking facilities (Note 23).

Fixed deposit is made for a period of twelve months (2019: twelve months) and earns interest at 0.20% to 2.60% (2019: 1.22% to 3.00%).

Cash and bank balances denominated in foreign currencies are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollars	15,185	12,193	4,373	5,422
Great Britain Pound	9,238	2,796	–	–
Malaysian Ringgit	751	1,236	–	–
Chinese Renminbi	187	223	–	–
Indian Rupee	905	321	–	–
Australian Dollars	26	–	–	–
Canadian Dollars	1,126	–	–	–

21. Trade and other payables

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade payables				
- Third parties	16,333	20,284	11	13
- Amount due to subsidiaries	–	–	258	1,941
	16,333	20,284	269	1,954
Other payables				
- Third parties	1,057	14,412	350	414
- Withholding tax payable	126	126	125	125
- Sales tax payable	2,605	2,743	926	1,104
- Accrued operating expenses	7,085	9,115	690	1,022
- Amount due to subsidiaries	–	–	–*	1
	10,873	26,396	2,091	2,666
Total trade and other payables	27,206	46,680	2,360	4,620
Add: Loans and borrowings (Note 23)	21,028	16,693	1,322	4,041
Less: Withholding tax payable	(126)	(126)	(125)	(125)
Less: Sales tax payable	(2,605)	(2,743)	(926)	(1,104)
Total financial liabilities carried at amortised cost	45,503	60,504	2,631	7,432

* Less than $1,000

Trade payables are non-interest bearing and normally settled on 60 days terms.

Amount due to subsidiaries is unsecured, non-interest bearing and repayable on demand.

As of 31 December 2019, included within other payables from third parties is the Post-Closing Payment payable to Congruity LLC of US$9,953,000 in relation to the acquisition of remaining 49% interest in Rockland Congruity LLC. The Post-Closing Payment was settled on 14 February 2020.

Trade and other payables denominated in foreign currencies are as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
United States Dollars	12,562	34,401	689	3,222
Great Britain Pound	10,471	7,611	–	–
Euro	220	574	–	–
Malaysian Ringgit	675	1,345	–	–
Chinese Renminbi	271	250	–	–
Indian Rupee	831	681	–	–
Australian Dollars	67	–	–	–
Canadian Dollars	125	–	–	–

22. Deferred income

Deferred income relates to payment received from customers for maintenance services. Revenue will be recognized on a straight-line basis over the specified period of the maintenance contracts signed.

23. Loans and borrowings

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Current				
Bank loans	4,566	3,961	1,322	2,694
Trade receivables factoring	5,886	1,045	–	–
Line of credit	5,751	6,148	–	–
Others	29	76	–	–
	16,232	11,230	1,322	2,694
Non-current				
Bank loans	4,796	5,463	–	1,347
	4,796	5,463	–	1,347
Total loans and borrowings	21,028	16,693	1,322	4,041

Bank loans

Bank loans are unsecured and covered by a corporate guarantee by certain subsidiaries and repayable in 1 to 39 (2019: 3 to 60) monthly instalments. The amount bears effective interest rates ranging from 1.80% to 6.28% (2019: ranging from 3.42% to 6.90%) per annum.

Trade receivables factoring

Trade receivables factoring is secured by a charge over trade receivables balances of $5,886,000 (2019: $1,045,000) with recourse. The interest rate for the trade receivables factoring is 1.95% to 2.60% (2019: 2.35% to 2.60%) per annum.

Line of credit

Line of credit is secured by the US subsidiaries' assets. The interest rate is 1.65% to 3.93% (2019: 3.68% to 5.14%) per annum.

23. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from Group's financing activities is as follows:

	1.1.2020	**Cash flows**	**Addition of new leases**	**Foreign exchange movements**	**31.12.2020**
	$'000	$'000	$'000	$'000	$'000
Bank loans	9,424	(53)	–	(9)	9,362
Lease liabilities (Note 13)	10,309	(2,611)	303	66	8,067
Trade receivables factoring	1,045	4,822	–	19	5,886
Line of credit	6,148	(295)	–	(102)	5,751
Others	76	(46)	–	(1)	29
Total loans and borrowings	27,002	1,817	303	(27)	29,095

	1.1.2019 (Restated)	**Cash flows**	**Adoption of SFRS(I) 16**	**Foreign exchange movements**	**31.12.2019**
	$'000	$'000	$'000	$'000	$'000
Bank loans	8,396	1,085	–	(57)	9,424
Lease liabilities (Note 13)	7,530	(2,174)	5,050	(97)	10,309
Trade receivables factoring	727	303	–	15	1,045
Line of credit	3,894	2,305	–	(51)	6,148
Others	61	18	–	(3)	76
Total loans and borrowings	20,608	1,537	5,050	(193)	27,002

Loans and borrowings denominated in foreign currencies are as follows:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollars	11,583	15,871	1,322	4,042
Great Britain Pound	4,767	329	–	–
Euro	678	493	–	–

24. Provisions

Provision for reinstatement costs

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
At 1 January	225	135	65	65
Provision during the year	–	90	–	–
At 31 December	225	225	65	65

The provision for reinstatement costs is based on the present value of costs to be incurred to remove leasehold improvement from leased properties. The estimate is based on quotations from external contractors. The remaining lease period will be two years after renewal (2019: three years).

Provision for claims

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
At 1 January	456	426	–	–
Provision during the year	123	117	–	–
Exchange difference	11	(87)	–	–
At 31 December	590	456	–	–
Total provisions	815	681	65	65

Provision for claims relating to dilapidations claim in respect of a leasehold premises approximately amounted to $590,000 (2019: $456,000).

25. Share capital

	Group and Company	
	No. of ordinary shares	**Amount**
		$'000
Ordinary shares of no-par value		
At 1 January 2020	284,689,000	71,703
Issued for acquisition of non-controlling interest (Note 14)	7,865,973	2,544
Issuance of new shares pursuant to performance shares plan	1,131,600	324
Share issuance expense	–	(30)
At 31 December 2020	293,686,573	74,541
At 1 January 2019 and 31 December 2019	284,689,000	71,703

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

26. Other reserves

Group	Foreign currency translation reserve	Merger reserve	Premium on acquisition of non-controlling interest	Share-based payment reserve (Note 27)	Total
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2020	(454)	(4,420)	(42,267)	196	(46,945)
Share-based payment	–	–	–	322	322
Issuance of shares pursuant to performance shares plan	–	–	–	(324)	(324)
Exchange differences	271	–	–	–	271
Closing balance at 31 December 2020	(183)	(4,420)	(42,267)	194	(46,676)
Opening balance at 1 January 2019	(721)	(4,420)	(15,764)	76	(20,829)
Share-based payment	–	–	–	120	120
Acquisition of non-controlling interests	–	–	(26,503)	–	(26,503)
Exchange differences	267	–	–	–	267
Closing balance at 31 December 2019	(454)	(4,420)	(42,267)	196	(46,945)

26. Other reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger reserve

The merger reserve represents acquisition involving entities under common control. The reserve arises from the difference between the purchase consideration and the net assets acquired.

Premium on acquisition of non-controlling interest

Premium on acquisition of non-controlling interest comprises the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the owners of the Company.

27. Share-based compensation

	Group and Company	
	2020	**2019**
	$'000	$'000
Performance share plan	322	120

Procurri PSP

The Group operates a Performance Share Plan (the "Procurri PSP") which was approved pursuant to a written resolution passed by the shareholders on 27 June 2016. The Procurri PSP is administered by the Awards Committee whose members are currently members of the RC.

Subject to the absolute discretion of the RC, awards may be granted to the following participants under the Procurri PSP:

- confirmed employees of the group;
- directors of the Company and/or any of its subsidiaries and/or any of its associated companies who perform an executive function; and
- directors of the Company and/or any of its subsidiaries, other than those who perform an executive function

(subject to the rules of the Procurri PSP).

The maximum number of shares issuable or to be transferred by the Company under the Procurri PSP, when aggregated with the aggregate number of shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of issued shares (excluding treasury shares) from time to time.

27. Share-based compensation (cont'd)

The number of shares to be issued will depend on the achievement of pre-determined targets at the end of the defined performance period. The shares have a vesting period of one to three years. The fair value of the awards granted was based on the last traded price of the Company's shares on the date of grant.

The table below summarizes the number of shares which are the subject of the awards granted under the Procurri PSP that were outstanding, their fair value price as at the end of the reporting year, as well as the movement during the reporting year.

Grant date	Number of shares which are the subject of the awards granted under the Procurri PSP outstanding as at beginning of the year	Number of shares which are the subject of the awards granted under the Procurri PSP granted during the year	Number of shares issued pursuant to the awards during the year	Number of shares forfeited/lapsed pursuant to the awards during the year	Number of shares which are the subject of the awards granted under the Procurri PSP outstanding as at end of the year	Market price per share
						$
2019	412,800	395,000	–	138,000	669,800	0.4850
2020	669,800	1,540,500	1,131,600	–	1,078,700	0.2750

The Company has granted 1,540,000 shares under the Procurri PSP on 12 May 2020. A total of 1,131,600 number of shares have been vested in the financial year ended 31 December 2020.

<u>Performance share plan reserve</u>

	Group and Company 2020	Group and Company 2019
	$'000	$'000
Balance at beginning of the year	196	76
Expense recognised in profit or loss	322	120
Issuance of shares pursuant to the Procurri PSP	(324)	–
Balance at end of the year	194	196

27. Share-based compensation (cont'd)

Procurri Corporation Employee Share Option Scheme (the "Procurri ESOS")

The Group operates an Employee Share Option, the Procurri ESOS, which was approved pursuant to a written resolution passed by the shareholders on 27 June 2016.

Subject to the absolute discretion of the RC, awards may be granted to the following participants under the Procurri ESOS:

- confirmed employees of the group;
- directors of the Company and/or any of its subsidiaries and/or any of its associated companies who perform an executive function; and
- directors of the Company and/or any of its subsidiaries, other than those who perform an executive function

(subject to the rules of the Procurri ESOS).

The maximum number of shares issuable or to be transferred by the Company under the Procurri ESOS, when aggregated with the aggregate number of shares over which options or awards granted under any other share option schemes or schemes of the Company, will be 15% of the Company's total number of issued shares (excluding treasury shares) from time to time.

No awards have been granted under the Procurri ESOS for the financial years ended 31 December 2020 and 2019.

28. Related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions and balances between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020	**2019**
	$'000	$'000
Related parties:		
Sales of goods and services	–	[a] 2,261
Purchase of goods and services	–	[a] (2,604)
Trade and other receivables	–	–
Trade and other payables	–	–

[a] Effective 30 March 2019, Congruity LLC and its affiliates are no longer related parties of the Group upon completion of the acquisition of the remaining 49% interest in Rockland.

28. Related party transactions and balances (cont'd)

Compensation of key management personnel

	Group	
	2020	**2019**
	$'000	$'000
Salaries and other short-term employee benefits	4,371	4,312
Share-based payment	322	120
Central Provident Fund contributions	18	20
	4,711	4,452
Key management compensation comprises the following:		
Remuneration to directors of the Company	1,442	1,643
Remuneration to other key management personnel	3,023	2,503
Director fees	246	306
	4,711	4,452

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

29. Commitments

Operating lease commitments – as lessee

Operating lease payments are for rentals payable for office and computer equipment, office premises and data centre racks. These leases have an average term of one to six years (2019: one to twelve years).

Minimum lease payments recognized as an expense in profit or loss for the financial year ended 31 December 2020 amounted to $855,000 (2019: $878,000).

30. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. It is and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of management.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

30. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorizes a loan or receivable for potential write-off when a debtor fails to make contractual payments and in significant financial difficulties. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

<u>Trade and other receivables</u>

The Group provides for lifetime expected credit losses for all trade and other receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions and expected inflation rates.

30. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade and other receivables using provision matrix, grouped by geographical region:

(i) Singapore

31 December 2020	Current	Past due Less than 90 days	Past due More than 90 days	Total
	$'000	$'000	$'000	$'000
Gross carrying amount	787	809	596	2,192
Loss allowance provision	–	–	(42)	(42)

31 December 2019	Current	Past due Less than 90 days	Past due More than 90 days	Total
	$'000	$'000	$'000	$'000
Gross carrying amount	3,003	2,455	894	6,352
Loss allowance provision	–	–	(106)	(106)

(ii) Other geographical area

31 December 2020	Current	Past due Less than 90 days	Past due More than 90 days	Total
	$'000	$'000	$'000	$'000
Gross carrying amount	16,912	13,285	4,902	35,099
Loss allowance provision	–	(5)	(2,680)	(2,685)

31 December 2019	Current	Past due Less than 90 days	Past due More than 90 days	Total
	$'000	$'000	$'000	$'000
Gross carrying amount	26,156	14,381	6,891	47,428
Loss allowance provision	–	–	(2,460)	(2,460)

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 18.

30. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

Trade and other receivables (cont'd)

During the year, the Group wrote-off $490,000 (2019: $340,000) of trade and other receivables as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Credit risk concentration profile

At the end of the reporting period, approximately 16% (2019: 28%) of the Group's trade receivables were due from 3 major customers.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	**One year or less**	**1 to 5 years**	**5 years or more**	**Total**
	$'000	$'000	$'000	$'000
31.12.2020				
Financial assets:				
Trade and other receivables	33,018	–	–	33,018
Finance lease receivables	308	218	–	526
Cash and bank balances	32,700	–	–	32,700
Total undiscounted financial assets	66,026	218	–	66,244
Financial liabilities:				
Trade and other payables	27,206	–	–	27,206
Loans and borrowings	16,358	4,948	–	21,306
Lease liabilities	3,297	4,730	1,280	9,307
Total undiscounted financial liabilities	46,861	9,678	1,280	57,819
Total net undiscounted financial assets/(liabilities)	19,165	(9,460)	(1,280)	8,425

30. Financial risk management objective and policies (cont'd)

(b) **Liquidity risk (cont'd)**

Group	**One year or less** $'000	**1 to 5 years** $'000	**5 years or more** $'000	**Total** $'000
31.12.2019				
Financial assets:				
Trade and other receivables	49,870	–	–	49,870
Finance lease receivables	539	891	–	1,430
Cash and bank balances	17,132	–	–	17,132
Total undiscounted financial assets	67,541	891	–	68,432
Financial liabilities:				
Trade and other payables	46,680	–	–	46,680
Loans and borrowings	11,697	5,963	–	17,660
Lease liabilities	3,090	7,917	1,145	12,152
Total undiscounted financial liabilities	61,467	13,880	1,145	76,492
Total net undiscounted financial assets/(liabilities)	6,074	(12,989)	(1,145)	(8,060)

Company	**One year or less** $'000	**1 to 5 years** $'000	**Total** $'000
31.12.2020			
Financial assets:			
Trade and other receivables	27,796	–	27,796
Cash and bank balances	4,753	–	4,753
Total undiscounted financial assets	32,549	–	32,549
Financial liabilities:			
Trade and other payables	2,360	–	2,360
Loans and borrowings	1,329	–	1,329
Lease liabilities	226	94	320
Total undiscounted financial liabilities	3,915	94	4,009
Total net undiscounted financial assets/(liabilities)	28,634	(94)	28,540

30. Financial risk management objective and policies (cont'd)

(b) **Liquidity risk (cont'd)**

Company	**One year or less** $'000	**1 to 5 years** $'000	**Total** $'000
31.12.2019			
Financial assets:			
Trade and other receivables	17,227	–	17,227
Cash and bank balances	5,847	–	5,847
Total undiscounted financial assets	23,074	–	23,074
Financial liabilities:			
Trade and other payables	4,620	–	4,620
Loans and borrowings	2,820	1,361	4,181
Lease liabilities	226	320	546
Total undiscounted financial liabilities	7,666	1,681	9,347
Total net undiscounted financial assets/ (liabilities)	15,408	(1,681)	13,727

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities.

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating rate. The following table analyses the breakdown of the financial liabilities by type of interest rate:

Group	**Less than 1 year** $'000	**1 to 5 years** $'000	**5 years or more** $'000	**Total** $'000
31.12.2020				
Fixed rate				
Lease liabilities	2,876	3,981	1,210	8,067
Floating rate				
Bank loans	4,566	4,796	–	9,362
Line of credit	5,751	–	–	5,751
Trade receivables factoring	5,886	–	–	5,886
Others	29	–	–	29

30. Financial risk management objective and policies (cont'd)

(c) Interest rate risk (cont'd)

Group	Less than 1 year $'000	1 to 5 years $'000	5 years or more $'000	Total $'000
31.12.2019				
Fixed rate				
Lease liabilities	2,483	6,793	1,033	10,309
Floating rate				
Bank loans	3,961	5,463	–	9,424
Line of credit	6,148	–	–	6,148
Trade receivables factoring	1,045	–	–	1,045
Others	76	–	–	76

Company	Less than 1 year $'000	1 to 5 years $'000	Total $'000
31.12.2020			
Fixed rate			
Lease liabilities	220	93	313
Floating rate			
Bank loan	1,322	–	1,322
31.12.2019			
Fixed rate			
Lease liabilities	214	313	527
Floating rate			
Bank loan	2,694	1,347	4,041

<u>Sensitivity analysis for interest rate risk</u>

At the end of reporting year, if the interest rates have been 100 (2019: 100) basis points lower/ higher with all other variables held constant, the Group's profit before tax would have been $210,000 (2019: $167,000) higher/lower, arising mainly as a result lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on currently observable market environment, showing a higher significantly volatility as in prior years.

30. Financial risk management objective and policies (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD) and Euro (EUR). The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures. The Group and the Company also hold cash and bank balances and loans and borrowings denominated in foreign currencies for working capital purposes and financing activities. At the end of the reporting period, such foreign currency balances are mainly in USD and EUR.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2020	**2019**
		$'000	$'000
USD/SGD	- if strengthen by 10% (2019: 10%)	46	48
	- if weaken by 10% (2019: 10%)	(46)	(48)
GBP/USD	- if strengthen by 10% (2019: 10%)	216	(9)
	- if weaken by 10% (2019: 10%)	(216)	9
GBP/EUR	- if strengthen by 10% (2019: 10%)	12	(76)
	- if weaken by 10% (2019: 10%)	(12)	76
EUR/GBP	- if strengthen by 10% (2019: 10%)	22	–
	- if weaken by 10% (2019: 10%)	(22)	–
SGD/USD	- if strengthen by 10% (2019: 10%)	515	56
	- if weaken by 10% (2019: 10%)	(515)	(56)

31. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorizes fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. Fair value of assets and liabilities (cont'd)

(b) ***Assets and liabilities measured at fair value***

There are no assets and liabilities measured at fair value at 31 December 2020 and 2019 for which fair value is disclosed.

(c) ***Assets and liabilities not measured at fair value, for which fair value is disclosed***

There are no assets and liabilities not measured at fair value at 31 December 2020 and 2019 for which fair value is disclosed.

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Cash and bank balances (Note 20), trade and other receivables (Note 18), trade and other payables (Note 21), loans and borrowings (Note 23), and lease liabilities (Note 13).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments.

(e) ***Fair value of financial instrument classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

32. Segment information

For management purposes, the Group is organized into two reportable segments as follows:

i. The Information Technology ("IT") Distribution business includes revenue derived from (i) Hardware Resale, which comprises income derived from the distribution of IT hardware, including but not limited to pre-owned servers, storage and networking equipment; and (ii) Supply Chain Management, where income is derived from assisting OEMs in the distribution of their goods as part of their supply chain activities.

ii. Lifecycle Services business includes revenue derived from (i) the rendering of IT maintenance services for a variety of IT systems and networks; (ii) the provision of IT hardware as a service on a transaction-based pricing model; and (iii) the provision of service to extend the life of equipment and to extract greater value for retired technology, by means of equipment refurbishment and data destruction services, and asset disposal services to help our customers yield greater corporate and environment sustainability.

Management monitors the operating results of its segments separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is monitored based on revenue and gross profit. Selling expenses, administrative expenses, finance costs, assets and liabilities are managed on a legal entity basis and are not monitored by segments.

32. Segment information (cont'd)

	IT Distribution		Lifecycle Services		Per consolidated financial statements	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	156,211	149,764	77,256	71,525	233,467	221,289
Cost of sales	(126,870)	(112,340)	(41,852)	(30,845)	(168,722)	(143,185)
Gross profit	29,341	37,424	35,404	40,680	64,745	78,104

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2020	**2019**
	$'000	$'000
Singapore	13,789	23,036
Europe, the Middle East and Africa	84,676	71,009
Americas	131,201	123,276
Others	3,801	3,968
	233,467	221,289

	Non-current assets	
	2020	**2019**
	$'000	$'000
Singapore	1,049	12,431
Europe, the Middle East and Africa	13,805	14,371
Americas	5,353	6,720
Others	2,282	2,678
	22,489	36,200

Non-current assets information presented above consist of plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheets.

Information about a major customer

Revenue from one major customer amounted to $8,639,000 (2019: $9,231,000) arising from sales in the Hardware business (2019: Lifecycle Service business).

33. Capital management

The objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern so that it can continue to provide returns for owners and benefits for other stakeholders; and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Capital comprises all components of equity.

The management monitors the capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total borrowings less cash and bank balances.

	Group	
	2020	**2019**
	$'000	$'000
Loans and borrowings (Note 23)	21,028	16,693
Lease liabilities – Finance lease obligation	46	72
Less: cash and bank balances (Note 20)	(32,700)	(17,132)
Net cash	(11,626)	(367)
Total equity	52,503	46,700
Debt-to-capital ratio	N.M.	N.M.

N.M. - Not meaningful

34. Impact of Covid-19

Although vaccination has been rolled some time end of Jan 2021, however as the global Covid-19 situation remains fluid and is still evolving as at the date the financial statements are authorized for issue, the Group is unable to reasonably ascertain the full extent of the impact arising from COVID-19 disruptions on its operations, in particular in its key markets of United States, United Kingdom and Singapore.

35. Event after the end of the reporting year

On 15 March 2021, NTCP SPV VIII (the "Offeror") which is an investment vehicle owned by Singapore-based private equity fund Novo Tellus PE Fund 2, L.P. ("Novo Tellus"), together with two of its limited partner investors has launched a voluntary conditional cash partial offer to acquire an additional 27.91% of all the ordinary shares of the Company. If the partial offer is successful, the Offeror will hold in aggregate 51.00% of the Company. The offer price is $0.365 per share.

36. Authorisation of financial statements

The financial statements for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the Directors on 26 March 2021.