

**CIRCULAR DATED 25 NOVEMBER 2019**

**THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF W CAPITAL MARKETS PTE. LTD. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Raffles United Holdings Ltd. 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), you should immediately hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or 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.



**RAFFLES UNITED HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY UNCONDITIONAL GENERAL OFFER**

by

**GATXH HOLDINGS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201924780C)

**for all the issued and paid-up ordinary shares in the capital of Raffles United Holdings Ltd., other than those shares held, directly or indirectly, by GATXH Holdings Pte. Ltd. as at the date of the Offer**

*Independent Financial Adviser to the Independent Directors*



**W CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201813207E)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 9 DECEMBER 2019 (THE "CLOSING DATE"), AND THAT THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND THAT DATE OR TO REVISE THE TERMS OF THE OFFER. THE OFFEROR HAS GIVEN NOTICE THAT THE OFFER WILL CLOSE AT 5.30 P.M. ON THE CLOSING DATE AND WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. ON THE CLOSING DATE AND WILL NOT BE REVISED, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION.**



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## DEFINITIONS

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

### GENERAL

<b>“Acceptance Forms”</b>	:	The FAA and the FAT collectively, or either of them (as the case may be)
<b>“Business Day”</b>	:	A day which is not a Saturday, a Sunday or a public holiday in Singapore
<b>“Circular”</b>	:	This circular to Shareholders enclosing, <i>inter alia</i> , the IFA Letter
<b>“Closing Date”</b>	:	5.30 p.m. on 9 December 2019, being the last date for the lodgement of acceptances of the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50 of Singapore)
<b>“Company Securities”</b>	:	(a) Shares;  (b) securities which carry voting rights in the Company; and  (c) convertible securities, warrants, options or derivatives in respect of the Shares or other securities which carry voting rights in the Company
<b>“Compulsory Acquisition”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular
<b>“Concert Parties”</b>	:	Parties acting or deemed to be acting in concert with the Offeror in connection with the Offer
<b>“Constitution”</b>	:	The constitution of the Company, as amended or modified from time to time
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date

<b>“Dissenting Shareholders”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular
<b>“Distributions”</b>	:	Shall have the meaning ascribed to it in section 2.2(c) of this Circular
<b>“Encumbrances”</b>	:	Shall have the meaning ascribed to it in section 2.2(b) of this Circular
<b>“FAA”</b>	:	Form of Acceptance and Authorisation, which forms part of the Offer Document and which is issued to the Shareholders whose Shares are deposited with CDP
<b>“FAT”</b>	:	Form of Acceptance and Transfer, which forms part of the Offer Document and which is issued to the Shareholders whose Shares are not deposited with CDP and are registered in such Shareholder’s name in the Register
<b>“Form 57”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular
<b>“Form 58”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated
<b>“H1 2019 Results Announcement”</b>	:	Unaudited consolidated financial statements of the Group for the half year ended 30 June 2019, which were issued in the Company’s announcement released on the website of the SGX-ST at <a href="http://www2.sgx.com">www2.sgx.com</a> on 14 August 2019, as set out in Appendix III to this Circular
<b>“IFA Letter”</b>	:	The letter dated 25 November 2019 from W Capital to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	:	The Directors who are considered independent for the purposes of the Offer, namely: <ul style="list-style-type: none"> <li>(a) Tan Saik Hock;</li> <li>(b) Teh Geok Koon;</li> <li>(c) Lee Joo Hai; and</li> <li>(d) Ngoi Sing Shang</li> </ul>

<b>“Interested Person”</b>	:	As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> <li>(a) a director, chief executive officer, or substantial shareholder of the company;</li> <li>(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;</li> <li>(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;</li> <li>(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;</li> <li>(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or</li> <li>(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</li> </ul>
<b>“Judgment”</b>	:	Shall have the meaning ascribed to it in paragraph 7(a) of Appendix II to this Circular
<b>“Latest Practicable Date”</b>	:	17 November 2019, being the latest practicable date prior to the printing of this Circular
<b>“Letter”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Offer”</b>	:	The voluntary unconditional general offer by the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms
<b>“Offer Announcement”</b>	:	The announcement relating to the Offer released by the Offeror on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	25 October 2019, being the date of the Offer Announcement

<b>“Offer Document”</b>	:	The offer document dated 11 November 2019 issued by the Offeror in respect of the Offer, including the Acceptance Forms
<b>“Offer Price”</b>	:	Shall have the meaning ascribed to it in section 2.1 of this Circular
<b>“Offer Shares”</b>	:	All the Shares to which the Offer relates, as more particularly defined in section 1.1 of this Circular
<b>“Offeror Securities”</b>	:	(a) Offeror Shares;  (b) securities which carry substantially the same rights as the Offeror Shares; and  (c) convertible securities, warrants, options or derivatives in respect of any Offeror Shares or other securities which carry substantially the same rights as the Offeror Shares
<b>“Offeror Shares”</b>	:	The issued and paid-up ordinary shares in the capital of the Offeror
<b>“Overseas Shareholders”</b>	:	Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP (as the case may be)
<b>“Register”</b>	:	The register of members of the Company
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“SFA”</b>	:	The Securities and Futures Act (Chapter 289 of Singapore)
<b>“Shareholders”</b>	:	Persons who are registered as holders of Shares in the Register and depositors who have Shares entered against their name in the Depository Register
<b>“Shares”</b>	:	The issued and paid-up ordinary shares in the capital of the Company
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	:	Agent banks included under the SRS
<b>“SRS Investors”</b>	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
<b>“Transfer Date”</b>	:	Shall have the meaning ascribed to it in section 7 of this Circular

“Writ”	:	Shall have the meaning ascribed to it in paragraph 7(a) of Appendix II to this Circular
“%” or “per cent.”	:	Percentage or per centum

#### COMPANIES/ORGANISATIONS/PERSONS

“CAD”	:	Commercial Affairs Department of Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Raffles United Holdings Ltd.
“CPF”	:	The Central Provident Fund
“Group”	:	The Company and its subsidiaries
“High Court”	:	The High Court of the Republic of Singapore
“KHPL”	:	Kian Ho Pte. Ltd.
“Offeror”	:	GATXH Holdings Pte. Ltd.
“Raffles Infinity”	:	Raffles Infinity Holdings Pte. Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore
“SZZH”	:	Shenzhen Zhaoheng Industrial Co., Ltd
“W Capital”	:	W Capital Markets Pte. Ltd., being the independent financial adviser to the Independent Directors in respect of the Offer

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

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

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.



Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision 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 not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies 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 and 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, the total number of Shares as at the Latest Practicable Date is 395,103,118. The Company does not hold any treasury shares. Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 395,103,118 Shares in the issued share capital of the Company as at the Latest Practicable Date.

## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “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 W Capital guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

## SUMMARY TIMETABLE

Date of despatch of the Offer Document	:	11 November 2019
Date of despatch of the Form 57	:	15 November 2019
Date of despatch of Circular	:	25 November 2019
Closing Date	:	5.30 p.m. (Singapore time) on 9 December 2019 <sup>(1)</sup>
Date of settlement of consideration in respect of the Offer <sup>(2)</sup>	:	Within seven (7) Business Days after the date of receipt of each such acceptance
Final date of settlement of consideration in respect of the Offer	:	Within seven (7) Business Days after the Closing Date
Date of exercise of the Compulsory Acquisition	:	On or after 16 December 2019 ( <i>i.e.</i> , the Transfer Date, being the day after the expiration of one month from the date on which the Form 57 was given to the Dissenting Shareholders, subject to and on the terms set out in the Form 57.) <sup>(3)</sup>
Date of settlement of consideration in respect of the Compulsory Acquisition	:	Subject to and in accordance with Section 215(1) of the Companies Act and the terms set out in the Form 57, as soon as practicable after the Transfer Date

### Notes:

- (1) CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or depository agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and depository agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and depository agents in order to accept the Offer.
- (2) Please also refer to Appendices 4 and 5 to the Offer Document for further details.
- (3) On 15 November 2019, the Offeror gave notice in the Form 57 pursuant to Section 215(1) of the Companies Act, together with the Letter, to the Dissenting Shareholders. The Offeror has also despatched, together with the Letter, a notice in the Form 58 pursuant to Section 215(3) of the Companies Act, whereby the Dissenting Shareholders may, within three months from the date of the Form 58 (that is, by 15 February 2020), require the Offeror to acquire their Offer Shares at the consideration for the Offer being the Offer Price of **S\$0.065** (in cash) for each Offer Share.

For the avoidance of doubt, Shareholders who have already tendered in acceptance of the Offer or Shareholders who are to tender in acceptance of the Offer between today and 9 December 2019, being the Closing Date, may disregard the Letter, the Form 57 and the Form 58.

**As the Offeror will be proceeding to compulsorily acquire the Offer Shares of the Dissenting Shareholders, the Dissenting Shareholders need not take any action in relation to the Form 58. Dissenting Shareholders who wish to exercise their rights under Section 215(3) of the Companies Act or who are in any doubt as to their position are advised to seek their own independent legal advice.**

# RAFFLES UNITED HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

## LETTER FROM THE BOARD OF DIRECTORS

### Board of Directors:

Tan Saik Hock (Non-Executive Independent Chairman)  
Teo Teng Beng (Managing Director)  
Teh Geok Koon (Executive Director)  
Lee Joo Hai (Non-Executive Independent Director)  
Ngoi Sing Shang (Non-Executive Independent Director)

### Registered Office:

5 Changi South St 3  
Singapore 486117

25 November 2019

To: The Shareholders of the Company

Dear Sir/Madam

## VOLUNTARY UNCONDITIONAL GENERAL OFFER BY THE OFFEROR FOR THE OFFER SHARES

### 1. INTRODUCTION

#### 1.1 Offer Announcement

On 25 October 2019, being the Offer Announcement Date, it was announced, *inter alia*, that the Offeror intends to make the Offer to acquire all of the Shares, other than those Shares already held, directly or indirectly, by the Offeror, but including those Shares already owned or controlled, directly or indirectly, or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the “**Offer Shares**”).

A copy of the Offer Announcement is available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com).

#### 1.2 Offer Document

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

A copy of the Offer Document is available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com).

#### 1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of W Capital to the Independent Directors in respect of the Offer.

**Shareholders should consider carefully the recommendation of the Independent Directors and the advice of W Capital to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.**

## 2. TERMS OF THE OFFER

### 2.1 Offer Terms

Section 2.1 of the Letter to Shareholders in the Offer Document states that in accordance with Rule 15 of the Code, and subject to the terms and conditions set out in the Offer Document and the Acceptance Forms, the Offeror offers to acquire all the Offer Shares on the following basis:

For each Offer Share: **S\$0.065** in cash (the “**Offer Price**”).

The same section 2.1 states that the Offer Price is final and the Offeror does not intend to revise the Offer Price. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price.

The Offer is extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties.

### 2.2 No Encumbrances

Section 2.2 of the Letter to Shareholders in the Offer Document states that the Offer Shares are to be acquired:

- (a) fully paid;
- (b) free from any claim, charge, pledge, mortgage, 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 (“**Encumbrances**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto (including the right to receive and retain all dividends and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon (the “**Distributions**”) by the Company on or after the Offer Announcement Date).

Section 2.2 of the Letter to Shareholders in the Offer Document further states that in the event that 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, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to the amount of such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer.

### 2.3 Unconditional Offer

As set out in section 2.3 of the Letter to Shareholders in the Offer Document, the Offer is unconditional in all respects. **Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.**

### 2.4 Warranty

Section 2.4 of the Letter to Shareholders in the Offer Document states that acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid,

(b) free from any Encumbrance, and (c) with all such rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) which may be declared, paid or made by the Company on or after the Offer Announcement Date.

## 2.5 Duration of the Offer

Section 2.5 of the Letter to Shareholders in the Offer Document states that pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

The same section 2.5 states that the Offeror does not intend to extend the Offer beyond the Closing Date.

**Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. on the Closing Date, 9 December 2019.**

## 2.6 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 4 to the Offer Document sets out further details on: (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

## 2.7 Procedures for Acceptance

Appendix 5 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

## 3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

Details of the Offeror and its Concert Parties are set out in section 3 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### ***“3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES***

*The Offeror is a private limited company incorporated in the Republic of Singapore on 30 July 2019. As at the Offer Announcement Date, the Offeror has an issued and paid-up capital comprising four (4) ordinary shares at an issue price of S\$1 each (“Offeror Shares”). Details of the shareholding of the Offeror are as set out below:*

<i>Name of Offeror Shareholder</i>	<i>Number of shares</i>	<i>Proportion of the total number of issued Offeror Shares</i>
<i>TXH</i>	<i>2</i>	<i>50%</i>
<i>Teo Teng Beng</i>	<i>2</i>	<i>50%</i>

*As at the Offer Announcement Date, the sole director of the Offeror is TXH. TXH is the daughter of Teo Teng Beng.*

As at the Latest Practicable Date:

- (a) the Offeror does not hold, directly or indirectly, any Shares in the Company;
- (b) TXH, a shareholder of the Offeror, holds indirectly in aggregate a shareholding of 379,765,512 Shares in the Company, representing approximately 96.12% of the total number of issued Shares of the Company. The Shares are held by Raffles Infinity, which is wholly owned by TXH; and
- (c) the Offeror and its concert parties hold, directly and indirectly, in aggregate a shareholding of 379,765,512 Shares in the Company, representing approximately 96.12% of the total number of issued Shares of the Company.”

Appendix 2 to the Offer Document sets out additional information on the Offeror.

#### 4. IRREVOCABLE UNDERTAKING AND WAIVER OF CONSIDERATION

Details on the irrevocable undertaking provided by Raffles Infinity to the Offeror to, *inter alia*, accept the Offer, are set out in section 5 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

##### **“5. IRREVOCABLE UNDERTAKING AND WAIVER OF CONSIDERATION**

###### **5.1 Irrevocable Undertaking**

As at the Offer Announcement Date, the Offeror has procured an irrevocable undertaking from Raffles Infinity in favour of the Offeror (the “**Irrevocable Undertaking**”), pursuant to which Raffles Infinity has undertaken, *inter alia*, as follows:

- (a) to accept the Offer in respect of all the Shares held by it, representing in aggregate no less than 96.02% of the total number of issued Shares, and shall include the Shares held by Raffles Infinity as at the Offer Announcement Date and any Shares acquired by Raffles Infinity pursuant to the shareholders’ exercise of rights under Section 215(3) of the Companies Act (the “**Undertaking Shares**”), not later than 12.00 p.m. (Singapore time) on the 10<sup>th</sup> Business Day after the Despatch Date of the Offer Document to Shareholders in respect of the Offer, and not to withdraw such acceptance for any reason thereafter;
- (b) except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any option or other right over or accept any other offer for the Undertaking Shares or otherwise deal with any of the Undertaking Shares or any interest in them (whether conditionally or unconditionally); and
- (c) to waive their rights under Rule 30 of the Code to receive any cash settlement or payment of the consideration by the Offeror in respect of all the Shares held by Raffles Infinity tendered in acceptance of the Offer.

###### **5.2 Cessation of Irrevocable Undertaking**

The Irrevocable Undertaking shall terminate, lapse and cease to have any effect on the earlier of the date on which the Offer is withdrawn, lapses or closes.

Save for the Irrevocable Undertaking, there are no other arrangements, agreements or understandings between the Offeror and Raffles Infinity (i) in relation to the Shares held by Raffles Infinity, and (ii) by which Raffles Infinity owns or controls, will own or control, acquire or agree to acquire any interest, direct or indirect, in the Offeror.”

## 5. OFFEROR'S RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer is set out in section 6 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **“6. RATIONALE FOR THE OFFER**

#### **6.1 Greater Management Flexibility**

*The Offeror is making the Offer with a view to delist the Company from the SGX-ST and if entitled to under Section 215(1) of the Companies Act, the Offeror intends to compulsorily acquire all the Offer Shares.*

*If the Company is delisted from the SGX-ST and the Offeror's rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act are exercised, the Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and resources and facilitate the implementation of any operational change.*

#### **6.2 Low Trading Liquidity and Suspension of Trading**

*Prior to the suspension of trading on 14 August 2019, the trading volume of the Shares on the SGX-ST had generally been low with the average daily trading volume<sup>1</sup> of the Shares being approximately 32,000 Shares, 28,000 Shares and 24,000 Shares during the one (1)-month period, three (3)-month period and six (6)-month period up to and including 13 August 2019, being the Last Trading Day prior to the suspension of trading of the Shares. Each of these represents less than 0.01% of the total number of issued Shares for the aforementioned relevant periods.*

*Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment, an option which may not otherwise be readily available due to the low trading liquidity of the Shares. Additionally, given the trading suspension, there is no public market for the disposal of the Shares.*

#### **6.3 Opportunity for Minority Shareholders to Realise their Investment in the Shares**

*The closing price of the Shares on the Last Trading Day was S\$0.066. The Offer presents Shareholders with an opportunity to realise their entire investment in the Shares in cash without incurring brokerage and other trading costs.*

#### **6.4 Compliance Costs of Maintaining Listing**

*In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

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<sup>1</sup> Average daily trading volume is defined as total volume of shares traded in a period divided by the corresponding number of market trading days (excluding public holidays) in the same period.



## **6.5 Opportunity for Shareholders who are Not Prepared to Bear the Risks Associated with the Company to Realise their Investment in Cash**

*The Company has been placed on the SGX-ST Watch-list as set out in Section 4.3 above. Shareholders who are not prepared to bear the risks associated with the Company being placed on the Watch-list (which may subsequently result in the SGX-ST delisting the Company), will benefit from the cash exit provided through the Offer.”*

## **6. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY**

The Offeror’s intentions in relation to the Company are set out in section 7 of the Letter to Shareholders in the Offer Document, which are reproduced in italics below:

### **“7. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY**

*The Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility at any time to further consider any options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.”*

## **7. LISTING STATUS AND COMPULSORY ACQUISITION**

The Offeror’s intentions in relation to the listing status of the Company and the compulsory acquisition of the Shares have been extracted from section 9 of the Letter to Shareholders in the Offer Document, and are reproduced in italics below:

### **“9. LISTING STATUS AND COMPULSORY ACQUISITION**

#### **9.1 Listing Status and Suspension of Trading**

*Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.*

*Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

Shareholders are advised to note that under Rule 723 of the Listing Manual, the Company must ensure that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) is at all times held in public hands. Rule 724(1) of the Listing Manual further states that, if the Free Float Requirement is not satisfied, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

Following the close of the MGO, as the Free Float Requirement is not satisfied, the trading of the Shares has been suspended on 14 August 2019.

## **9.2 Compulsory Acquisition**

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer and/or acquires Shares otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.

As described in Section 5.1 above, the Offeror has obtained the Irrevocable Undertaking from Raffles Infinity to accept the Offer in respect of the Undertaking Shares, which represents in aggregate not less than 90% of the total number of issued Shares as at Offer Announcement Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury).

**In such an event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.**

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding treasury Shares) as at the Closing Date. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

### 9.3 Offeror's Intentions

*The Offeror does not intend to preserve the listing status of the Company. As the Free Float Requirement is not satisfied and the trading of the Shares has been suspended, the Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for the suspension of trading of the Shares by the SGX-ST to be lifted following the close of the Offer."*

As announced by the Offeror on 11 November 2019, as at 5.00 p.m. (Singapore time) on 11 November 2019, the Offeror had received valid acceptances in respect of an aggregate of 379,765,512 Shares pursuant to the Offer, representing approximately 96.12% of the total number of issued Shares.

On 15 November 2019, the Offeror gave notice in the form prescribed under the Companies Act (the "**Form 57**") pursuant to Section 215(1) of the Companies Act, together with a cover letter (the "**Letter**"), to Shareholders who had not accepted the Offer (the "**Dissenting Shareholders**"). As stated in the Letter, pursuant to Section 215(1) of the Companies Act, as the Offeror had received valid acceptances of the Offer and/or acquired such number of Offer Shares in respect of not less than 90% of the total number of Shares in issue (excluding treasury shares) (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror is entitled and intends to, as indicated in the Offer Document, exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares held by the Dissenting Shareholders, at the Offer Price of **S\$0.065** (in cash) for each Offer Share and on the same terms as those offered under the Offer.

As stated in the Letter, the Offeror will exercise its right of compulsory acquisition to acquire all the Offer Shares held by the Dissenting Shareholders (the "**Compulsory Acquisition**") on or after 16 December 2019 (the "**Transfer Date**"), being the day after the expiry of one month after the date on which the Form 57 was given to the Dissenting Shareholders, subject to and on the terms set out in the Form 57. Subject to and in accordance with the provisions of Section 215(1) of the Companies Act and the terms set out in the Form 57, settlement of the consideration in respect of the Offer Shares compulsorily acquired by the Offeror will take place as soon as practicable after the Transfer Date.

Notwithstanding the Compulsory Acquisition, Dissenting Shareholders may accept the Offer in accordance with the procedures set out in Appendix 5 to the Offer Document between today and 9 December 2019, being the Closing Date, in which case, settlement of the consideration for the Offer Shares validly tendered in acceptance will take place within seven (7) Business Days after receipt of such acceptances.

The Offeror has also despatched, together with the Letter, a Notice to Non-Assenting Shareholder in the form prescribed under the Companies Act (the "**Form 58**") pursuant to Section 215(3) of the Companies Act, whereby the Dissenting Shareholders may, within three months from the date of the Form 58 (that is, by 15 February 2020), require the Offeror to acquire their Offer Shares, and the Offeror shall be entitled and bound to acquire such Offer Shares on the same terms as those offered under the Offer at the consideration for the Offer, comprising the Offer Price of **S\$0.065** (in cash) for each Offer Share.

For the avoidance of doubt, Shareholders who have already tendered in acceptance of the Offer or Shareholders who are to tender in acceptance of the Offer between today and 9 December 2019, being the Closing Date, may disregard the Letter, the Form 57 and the Form 58.

**As the Offeror will be proceeding to compulsorily acquire the Offer Shares of the Dissenting Shareholders, the Offeror has stated that the Dissenting Shareholders need not take any action in relation to the Form 58. Dissenting Shareholders who wish to exercise their rights under Section 215(3) of the Companies Act or who are in any doubt as to their position are advised to seek their own independent legal advice.**

Copies of the Letter, the Form 57 and the Form 58 are available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com).

## **8. DIRECTORS' INTERESTS**

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

Teo Teng Beng, the Managing Director of the Company and member of the Nominating Committee of the Company, is the father of Teo Xian-Hui Amanda Marie who is a shareholder and sole director of the Offeror. Additionally, Teo Teng Beng is also a shareholder of the Offeror. Therefore, he is a party presumed to be acting in concert with the Offeror under the Code for the purposes of the Offer, and would face an irreconcilable conflict of interest in relation to the Offer that would render it inappropriate for him to join the Independent Directors in making a recommendation to Shareholders on the Offer.

The SIC had, on 24 October 2019, ruled that Teo Teng Beng is exempted from the requirement to make a recommendation on the Offer.

Nonetheless, all the Directors (including, for the avoidance of doubt, Teo Teng Beng) are jointly and severally responsible for the accuracy of facts stated, opinions expressed and completeness of the information given by the Company to Shareholders on the Offer, including information contained in documents, announcements and advertisements issued by or on behalf of the Company in connection with the Offer.

## **9. ADVICE IN RELATION TO THE OFFER**

### **9.1 Appointment of Independent Financial Adviser**

W Capital has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer.

### **9.2 W Capital's Advice to the Independent Directors**

The advice of W Capital to the Independent Directors in respect of the Offer is set out in the IFA Letter annexed as Appendix I to this Circular. The opinion and advice of W Capital to the Independent Directors in respect of the Offer is reproduced in italics below:

*"In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

**Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that, on balance, the financial terms of the Offer are NOT FAIR BUT REASONABLE. Accordingly, we recommend the Independent Directors to recommend that Shareholders ACCEPT the Offer.**

In determining that the Offer is **NOT FAIR**, we have considered the following pertinent factors from the perspective of the value of the Offer Shares:

- (a) The Offer Price to NAV and/or NTA per Share and the discount of the Offer Price to NAV and/or NTA per Share as at 30 June 2019 are 0.28x and 71.7% respectively;
- (b) The Offer Price is at a discount of approximately 1.5% to the closing price of the Shares on the Last Trading Date;
- (c) The valuation of the Group (as implied by the Offer Price) in terms of historical P/E of 14.06 times is below the range of the P/E ratios of the Selected Steel Companies of between 19.93 times and 29.59 times and below the average P/E ratio of the Selected Property Investment Companies of 17.64 times but is above the median P/E ratio of the Selected Property Investment Companies of 12.51 times;
- (d) As compared to the Precedent Privatisation Transactions, the Offer Price discount of 1.5% for the Shares as implied by the Offer Price over the last transacted price prior to the Offer Announcement Date is the only transaction where the Offer Price is at a discount to the last transacted price. In all the Precedent Privatisation Transactions, the offer was at a premium to the last transacted price prior to the announcement date;
- (e) In all the Precedent Privatisation Transactions, the offer price is at a premium to the 1-month VWAP with a median premium of 31.1%, whereas for the Offer, the Offer Price is the same as the 1-month VWAP prior to the Offer Announcement Date, hence making it less favourable as compared to the Precedent Privatisation Transactions;
- (f) The Offer Price premium of 10.0% for the Shares as implied by the Offer Price over the 3-month VWAP prior to the Offer Announcement Date is lower than the range of premium for the Precedent Privatisation Transactions; and
- (g) The valuation of the Group as implied by the Offer Price in terms of P/NAV and or P/NTA of 0.28 times is significantly lower than the median and mean P/NAV of the Precedent Privatisations Transactions of 0.9 times and 1.3 times respectively.

In determining that the Offer is **REASONABLE**, we have considered the following pertinent factors other than the perspective of the value of the Offer Shares:

- (a) The Offer Price is a premium of approximately 9.1%, 15.9% and 10.0% to the VWAP of the Shares for the 12-month, 6-month and 3-month periods prior to the Last Trading Day respectively;
- (b) The EV/EBITDA ratio of the Group (as implied by the Offer Price) of 11.03 times is (i) higher than the range of EV/EBITDA ratios of the Selected Steel Companies of between 2.87 times and 8.53 times and (ii) within the range of the EV/EBITDA of the Selected Property Investment Companies of between 6.70 times and 36.34 times, but below the median and average of EV/EBITDA of 22.40 times and 22.27 times respectively;

- (c) *The Company had, in its latest results announcement dated 14 August 2019 disclosed that the Group expects the business operating environment to remain challenging and uncertain;*
- (d) *The total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties and for which valid acceptances of the Offer have been received, amount to an aggregate of 382,601,812 Shares as at the Latest Practicable Date, representing approximately 96.84% of the total number of issued Shares and it is therefore highly unlikely that there will be a competing offer from any third party; and*
- (e) *The Offeror has given notice in the form of the Letter and Form 57 to Dissenting Shareholders informing them that the Offeror is entitled and intends to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares held by the Dissenting Shareholders, at the Offer Price of S\$0.065 (in cash) for each Offer Share and on the same terms as those offered under the Offer.*

*Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Independent Directors.*

*In rendering our opinion and providing our recommendation, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Offer.”*

## **10. RECOMMENDATION OF THE INDEPENDENT DIRECTORS**

The Independent Directors, having considered carefully the terms of the Offer and the advice given by W Capital to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Independent Directors concur with W Capital's assessment of the Offer and its advice thereon, as set out in section 9.2 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

In making the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any specific Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

**Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of W Capital to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.**

## 11. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to section 10 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **“10. OVERSEAS SHAREHOLDERS**

**10.1 Availability to Overseas Shareholders.** *The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. It is currently not intended that the Offer will be made in or into, and the Offer is not capable of acceptance in or from, any jurisdiction in or from which the making of the Offer is prohibited or affected by the laws of that jurisdiction. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document and the Acceptance Forms have not been reviewed by any regulatory authority in any overseas jurisdiction. For the avoidance of doubt, the Offer is open to all the Shareholders, including those to whom this Offer Document and the Acceptance Forms have not been, or may not be, despatched.*

**10.2 Overseas Jurisdiction.** *It is the responsibility of any Overseas Shareholder who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf may be required to pay. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.** In accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror 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.*

**10.3 Copies of the Offer Document.** *The Offeror reserves the right not to send this Offer Document and the Acceptance Forms to any Overseas Shareholder due to potential restrictions on sending such documents to the relevant jurisdictions. Any affected Overseas Shareholder may, nonetheless, apply to obtain copies of this Offer Document, and the FAA and/or the FAT, as the case may be, and any related documents during normal business hours and up to the Closing Date, from the Offeror through the Share Registrar (if he is a scripholder), at **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623** or from **CDP** (if he is a Depositor) at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**. Alternatively, an Overseas Shareholder may write in to the Offeror through the Share Registrar (if he is a scripholder) at **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623** or to **CDP** (if he is a Depositor) at **Robinson Road Post Office P.O. Box 1984 Singapore 903934** to request for this Offer Document, the FAA and/or the FAT, as the case may be, and any related documents to be sent to an address in Singapore by ordinary post at his own risk (the last date for despatch in respect of such request shall be a date falling three (3) Market Days prior to the Closing Date). It is the responsibility of any Overseas Shareholder who wishes to request for this Offer Document, the FAA, the FAT and*

*any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for this Offer Document, the FAA, the FAT and any related documents, the Overseas Shareholder represents and warrants to the Offeror 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.*

**10.4 Notice.** *The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all of the 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.”*

## **12. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS**

As stated in section 12.6 of the Letter to Shareholders in the Offer Document, CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date.

As set out in the same section 12.6, CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares through appropriate intermediaries in their CPF investment accounts and SRS investment accounts.

## **13. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix 5 to the Offer Document, which sets out the procedures for acceptance of the Offer. **Shareholders should note that the Offeror had indicated in the Offer Document that it has no intention of extending the Offer beyond the Closing Date. Accordingly, the Offer will not be open for acceptance beyond 5.30 p.m. on the Closing Date, and acceptances received after 5.30 p.m. on the Closing Date will be rejected.**

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.



#### **14. DIRECTORS' RESPONSIBILITY STATEMENT**

The recommendation of the Independent Directors to Shareholders set out in section 10 of this Circular is the sole responsibility of the Independent Directors. Save for the foregoing, the Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, its Concert Parties, the Offer, the Offer Announcement, the Offer Document and the IFA Letter) are fair and accurate and that there are no material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

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

Where any information in this Circular has been extracted or reproduced from published or publicly available sources (including, without limitation, the Offer Announcement, the Offer Document and the IFA Letter), 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 in this Circular.

The Directors jointly and severally accept responsibility accordingly.

**Yours faithfully**  
**For and on behalf of the Board of Directors**

Tan Saik Hock  
Chairman

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## LETTER FROM W CAPITAL TO THE INDEPENDENT DIRECTORS

**W CAPITAL MARKETS PTE. LTD.**

Incorporated in the Republic of Singapore)  
 (Company Registration Number: 201813207E)  
 65 Chulia Street  
 #43-01 OCBC Centre  
 Singapore 049513

25 November 2019

The Independent Directors of Raffles United Holdings Ltd.

Tan Saik Hock	Non-Executive Independent Chairman
Teh Geok Koon	Executive Director
Lee Joo Hai	Non-Executive Independent Director
Ngoi Sing Shang	Non-Executive Independent Director

Dear Sirs,

**VOLUNTARY UNCONDITIONAL GENERAL OFFER BY GATXH HOLDINGS PTE. LTD. (“OFFEROR”) FOR THE OFFER SHARES (AS DEFINED HEREIN)**

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*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 25 November 2019 (“Circular”) issued by Raffles United Holdings Ltd. (the “Company”, and together with its subsidiaries (the “Group”) shall have the same meanings herein.*

**1. INTRODUCTION**

On 25 October 2019 (“**Offer Announcement Date**”), the Offeror announced that it intends to make a voluntary unconditional general offer (the “**Offer**”) to acquire all of the issued and paid-up ordinary shares (the “**Shares**”), other than those Shares held, directly or indirectly, by the Offeror, but including those Shares already owned or controlled, directly or indirectly, or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the “**Offer Shares**”).

On 11 November 2019, the Offeror announced that the offer document, dated 11 November 2019 issued by the Offeror (“**Offer Document**”), setting out, *inter-alia*, the terms and conditions of the Offer, Appendices 1 to 5, and enclosing the relevant form(s) for acceptance has been despatched to the shareholders of the Company (“**Shareholders**”).

In connection with the Offer, W Capital Markets Pte. Ltd. (“**W Capital**”) has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the directors of the Company who are considered independent for the purposes of the Offer (“**Independent Directors**”) for the purpose of making a recommendation to the Shareholders in relation to the Offer (“**Recommendation**”). This letter (“**IFA Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our views and assessment on the financial terms of the Offer and our opinion thereon, and forms part of the Circular to be despatched to Shareholders in relation to the Offer.

## 2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers (“**Code**”). We have confined our evaluation to the financial terms of the Offer and we are not required to evaluate or comment on the commercial risks and/or merits (if any) of the Offer or the future prospects of the Company, and we have not made such evaluations or comments. Such evaluations or comments, if any, remain the responsibility of the directors (“**Directors**”) and management (“**Management**”) of the Company 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 as set out in this IFA Letter.

We have not been instructed or authorized to solicit, and we have not solicited, any indication of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer. In this regard, we are not addressing the relative merits of the Offer as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future.

In the course of our evaluation, we have held discussions with the Directors, Management and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or 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 or representations. We have relied on the assurance of the Directors (including those who have delegated detailed supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed in the Circular (other than in this IFA Letter and the Recommendation) are fair and accurate and that there are no other material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading, and the Directors have jointly and severally accepted responsibility accordingly. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the reliability of the information.

We have not made any independent appraisal of the assets and liabilities of the Company and/or the Group and we have not been furnished with any such appraisal. As such, we have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our views as set out in this IFA Letter are based upon the prevailing market, economic, industry and other conditions (if applicable) and our analysis of the information provided in the Offer Document and the Circular as well as information and representations provided to us by the Company and its representatives, as at 17 November 2019 (“**Latest Practicable Date**” or “**LPD**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to their consideration of the Offer, which may be released or published by or on behalf of the Company after the Latest Practicable Date.

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

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Offer and their advice and recommendation to the Shareholders in respect thereof. The recommendations made to the Shareholders in relation to the Offer remain the responsibility of the Independent Directors.

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

### **3. THE OFFER**

The following paragraphs have been extracted from Section 2 of the Offer Document and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the entire Offer Document including relevant sections, as extracted below, carefully.

#### ***“2. THE OFFER***

##### ***2.1 Offer Terms***

*In accordance with Rule 15 of the Code, and subject to the terms and conditions set out in this Offer Document and the Acceptance Forms, the Offeror hereby offers to acquire all the Offer Shares on the following basis:*

***For each Offer Share: S\$0.065 in cash (the “Offer Price”).***

***The Offer Price is final and the Offeror does not intend to revise the Offer Price. Therefore in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price.***

*The Offer is extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties.*

##### ***2.2 No Encumbrances***

*The Offer Shares are to be acquired:*

- (a) fully paid;*
- (b) free from any claim, charge, pledge, mortgage, 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 (“Encumbrances”); and*

(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto (including the right to receive and retain all dividends and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon (the “**Distributions**”) by the Company on or after the Offer Announcement Date).

In the event that 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, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to the amount of such Distribution paid or made by the Company to such shareholders of the Company who accept or have accepted the Offer.

### **2.3 Unconditional Offer**

The Offer is unconditional in all respects. **Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.**

### **2.4 Warranty**

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrance, and (c) with all such rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) which may be declared, paid or made by RUH on or after the Offer Announcement Date.

### **2.5 Duration of the Offer**

Pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of this Offer Document.

The Offeror does not intend to extend the Offer beyond the Closing Date.

Accordingly, **the Offer will close at 5.30 p.m. on the Closing Date, 9 December 2019.**

### **2.6 Further Details of the Offer**

Please refer to Appendix 4 to this Offer Document which sets out further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

### **2.7 Procedures for Acceptance**

Please refer to Appendix 5 to this Offer Document which sets out the procedures for acceptance of the Offer.”

#### 4. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

The Offeror is a private limited company incorporated in the Republic of Singapore on 30 July 2019. Please refer to Section 3 of the Offer Document for the full details relating to the Offeror and its Concert Parties.

#### 5. INFORMATION ON THE COMPANY

The Company was founded in 1956 as a sole proprietorship and subsequently incorporated on 3 November 1973 as a private limited company under the laws of Singapore before it was listed on the Main Board of the SGX-ST. The principal activities of the Company and its subsidiaries are those relating to:

- (a) distribution, retailing and application of bearings and seals in South East Asia and the Far East that caters primarily to the wholesale, maintenance, repair, and overhaul, and original equipment manufacturer (OEM) markets;
- (b) property investment, including collection of rent, capital growth potential and/or provision of property related services and facilities and/or the investment in or acquisition or disposal of shares or interests in any entity that holds property related assets;
- (c) property development, including the acquisition, development and/or sale of property related assets and/or investment in or acquisition or disposal of shares or interests in any entity that undertakes such property development activities; and
- (d) offering gearbox and electrical products to distributors, retailers and contractors as well as beauty products to consumers.

Further details on the Company are set out in Appendix II to the Circular.

#### 6. IRREVOCABLE UNDERTAKING

We note from Section 5 of the Offer Document that the Offeror has procured an irrevocable undertaking from Raffles Infinity Holdings Pte Ltd (“**Raffles Infinity**” or the “**Undertaking Shareholder**”) in favour of the Offeror (the “**Irrevocable Undertaking**”). Further details on the Irrevocable Undertaking is set out in Section 5 of the Offer Document and Section 4 of the Circular.

#### 7. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTION IN RELATION TO THE COMPANY

The full text of the rationale for the Offer and the Offeror’s intentions in relation to the Company are set out in Section 6 & 7 of the Offer Document.

The rationale for the Offer is reproduced below for your reference.

## **“6. RATIONALE FOR THE OFFER**

### **6.1. Greater Management Flexibility**

*The Offeror is making the Offer with a view to delist the Company from the SGX-ST and if entitled to under Section 215(1) of the Companies Act, the Offeror intends to compulsorily acquire all the Offer Shares.*

*If the Company is delisted from the SGX-ST and the Offeror’s rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act are exercised, the Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and resources and facilitate the implementation of any operational change.*

### **6.2. Low Trading Liquidity and Suspension of Trading**

*Prior to the suspension of trading on 14 August 2019, the trading volume of the Shares on the SGX-ST had generally been low with the average daily trading volume<sup>1</sup> of the Shares being approximately 32,000 Shares, 28,000 Shares and 24,000 Shares during the one (1)-month period, three (3)-month period and six (6)-month period up to and including 13 August 2019, being the Last Trading Day prior to the suspension of trading of the Shares. Each of these represents less than 0.01% of the total number of issued Shares for the aforementioned relevant periods.*

*Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment, an option which may not otherwise be readily available due to the low trading liquidity of the Shares. Additionally, given the trading suspension, there is no public market for the disposal of the Shares.*

### **6.3. Opportunity for Minority Shareholders to Realise their Investment in the Shares**

*The closing price of the Shares on the Last Trading Day was S\$0.066. The Offer presents Shareholders with an opportunity to realise their entire investment in the Shares in cash without incurring brokerage and other trading costs.*

### **6.4. Compliance Costs of Maintaining Listing**

*In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

### **6.5. Opportunity for Shareholders who are Not Prepared to Bear the Risks Associated with the Company to Realise their Investment in Cash**

*The Company has been placed on the SGX-ST Watch-list as set out in Section 4.3 above. Shareholders who are not prepared to bear the risks associated with the Company being placed on the Watch-list (which may subsequently result in the SGX-ST delisting the Company), will benefit from the cash exit provided through the Offer.”*

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<sup>1</sup> Average daily trading volume is defined as total volume of shares traded in a period divided by the corresponding number of market trading days (excluding public holidays) in the same period.



The Offeror's intentions for the Company is reproduced below for your reference.

**“7. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY**

*The Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility at any time to further consider any options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.”*

**8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER**

In our assessment of the financial terms of the Offer, we have given due consideration to, *inter alia*, the following key factors which we consider to have a significant bearing on our assessment of the Offer:

- 8.1 Historical financial performance and position of the Group;
- 8.2 Analysis of the Group's net asset value (“NAV”) and net tangible assets (“NTA”);
- 8.3 Historical share price performance and trading liquidity;
- 8.4 Relative valuation analysis;
- 8.5 Comparison with recently completed privatization transactions in Singapore; and
- 8.6 Other relevant considerations.

**8.1 Historical financial performance and position of the Group**

A summary of the financial performance of the Group for the last three (3) financial years ended 31 December (“FY”) 2016, 2017 and 2018 and half year ended 30 June 2018 (“HY2018”) and 30 June 2019 (“HY2019”) are set out below. The following summary financial information should be read in conjunction with the full text of the Company's annual report for FY2018 and the respective results announcements in respect of the relevant financial periods including the notes/commentaries thereto.

## Financial performance of the Group

<b>S\$'000</b>	<b>FY2016 Audited</b>	<b>FY2017 Audited</b>	<b>FY2018 Audited</b>	<b>HY2018 Unaudited</b>	<b>HY2019 Unaudited</b>
Revenue	71,441	72,974	68,443	37,237	27,305
Cost of sales	(58,417)	(58,230)	(53,420)	(29,212)	(21,345)
<b>Gross profit</b>	<b>13,024</b>	<b>14,744</b>	<b>15,023</b>	<b>8,025</b>	<b>5,960</b>
Other income including interest income	90	31	94	57	49
Staff costs	(7,694)	(7,409)	(7,585)	(3,735)	(3,356)
Depreciation of property, plant and equipment, and right-of-use assets	(867)	(879)	(955)	(477)	(591)
Foreign exchange loss, net	(128)	(278)	(983)	(888)	(38)
Impairment loss recognised on trade debtors	(212)	(89)	(227)	(226)	(28)
(Provision)/write-back for slow-moving inventories, net	(4,187)	886	943	334	40
Impairment loss (recognised)/reversed on amounts due from an associate	(400)	(250)	73	63	–
Impairment loss (recognised)/reversed on sundry debtors	–	(295)	117	–	–
Impairment loss on other investments	–	(57)	–	–	–
(Loss)/gain on changes in fair value of investment properties	(73)	408	323	–	–
Gain on disposal of plant and equipment/ plant and equipment written off, net	–	58	(32)	–	–
Gain on sale of investment property	–	–	–	–	2,533
(Loss)/gain on disposal of a subsidiary	(1,302)	–	–	–	391
Non-controlling interest share on waiver of intercompany trade debts on disposal of a subsidiary	(147)	–	–	–	–
Other operating expenses	(3,670)	(2,804)	(3,261)	(1,593)	(1,371)
Finance costs	(1,321)	(1,053)	(1,031)	(542)	(526)
Share of results of associates	308	10	16	–	–
<b>(Loss)/Profit before tax</b>	<b>(6,579)</b>	<b>3,023</b>	<b>2,515</b>	<b>1,018</b>	<b>3,063</b>
Income tax (expense)/credit	(163)	623	(642)	(220)	(76)
<b>(Loss)/profit for the year/period</b>	<b>(6,742)</b>	<b>3,646</b>	<b>1,873</b>	<b>798</b>	<b>2,987</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(6,989)	3,394	1,827	710	3,225
Non-controlling interests	247	252	46	88	(238)

Source: Company's annual reports for FY2017 and FY2018 and Company's announcements.

## Review of operating results

### FY2016 vs FY2017

The Group recorded a revenue of approximately S\$73.0 million in FY2017, representing an increase of S\$1.6 million or 2.2% from approximately S\$71.4 million in FY2016. This was mainly due to an increase in revenue from (a) the contribution from the Group's subsidiary, Acee Electric Pte Ltd ("**Acee**"), a company engaged in the distribution and trading of electrical products, which was acquired in March 2017 and (b) a significant increase in sales contribution from the Original Equipment Manufacturer ("**OEM**") market in Singapore, Malaysia, Indonesia and Vietnam, and partially offset by (a) absence of revenue contribution from the Group's Taiwan subsidiary in FY2017 following its disposal in the second half of FY2016, (b) stiff competition in the dealer's market primarily in Western and other Asian countries and (c) inventory clearance at reduced prices in FY2016. The gross profit margin of the Group improved from 18.2% for FY2016 to 20.2% for FY2017.

Staff costs decreased by S\$0.3 million or 3.9% from S\$7.7 million in FY2016 to S\$7.4 million in FY2017 due to headcount reduction, following the cessation of the Group's Taiwan operations and continual prudent approach towards head count management across the Group.

In FY2016, the Group recorded a provision for slow-moving inventories of S\$4.2 million whereas in FY2017, the Group recorded a net write-back of S\$0.9 million for slow-moving inventories. This was following the sale of inventories previously provided for in FY2016. In FY2017, the Group recorded a gain of S\$0.4 million on changes in fair value of investment properties arising from independent valuations performed on certain investment properties in Singapore during the year. The loss on disposal of a subsidiary in FY2016 was due to a full disposal of a Taiwan subsidiary.

Other operating expenses decreased by S\$0.9 million or 24.3% from S\$3.7 million in FY2016 to S\$2.8 million in FY2017 mainly due to the disposal of the Group's Taiwan operations in second half of FY2016 and continued tight control on overheads.

Finance costs decreased by S\$0.2 million or 15.4% from S\$1.3 million in FY2016 to S\$1.1 million in FY2017 mainly due to a significant reduction in Group's total borrowings due to repayments during the year and the disposal of the Group's Taiwan subsidiary in the second half of FY2016 which was partially offset by a general increase in cost of borrowings.

Share of results of associates decreased by S\$0.3 million from S\$0.3 million in FY2016 to S\$10,000 in FY2017 mainly due to the Group's share of investment property valuation gain on Poh Leng Realty Pte Ltd in FY2016.

As a result of the above, the Group recorded a profit after tax of S\$3.6 million for FY2017 compared to a loss after tax of S\$6.7 million for FY2016.

### FY2017 vs FY2018

The Group recorded a revenue of approximately S\$68.4 million in FY2018, representing a decrease of S\$4.6 million or 6.3% from approximately S\$73.0 million in FY2017. This was mainly due to a decrease in revenue from the bearings and seals segment due to (a) stiff competition in the dealer's market primarily in ASEAN and other Asian countries (b) cyclical downturn in OEM market in Singapore and (c) longer delivery lead time from certain suppliers resulting in the delay in the fulfilment of certain customers' back orders during the year. Revenue from the property segment also declined by S\$0.2 million to S\$1.9 million in FY2018 due to vacant units for certain property units during FY2018. This was offset by full year sales from the beauty division in FY2018. The gross profit margin of the Group improved slightly from 20.2% for FY2017 to 21.9% for FY2018.

Depreciation expense increased by S\$0.1 million or 11.1% from S\$0.9 million in FY2017 to S\$1.0 million in FY2018 due to the impact of the upward revaluation of the Group's properties in Singapore and Malaysia in FY2017 and the addition of fixed assets.

The foreign exchange loss was mainly due to the realization of Indonesian Rupiah (“IDR”) currency translation losses arising from the full repayments of quasi-equity loan by the Indonesia subsidiary to the Company in FY2018 and the strengthening of Japanese Yen (“JPY”) against IDR during FY2018.

In FY2018, the Group recorded an impairment loss of S\$0.2 million on trade debtors following an internal assessment of the Group's outstanding trade receivables. In FY2018, the Group recorded a reversal of impairment loss recognized on amounts due from an associate of S\$73,000 due to partial settlements received during the year for aged debts previously provided for. In FY2018, the Group recorded a reversal of impairment loss recognized for sundry debtors of S\$0.1 million due to partial settlement of the remaining deferred consideration balance previously provided for in relation to the sale of shares of the Company's China subsidiary to its minority shareholder in 2015. The gain on changes in fair value of investment properties decreased by S\$0.1 million or 25.0% from S\$0.4 million in FY2017 to S\$0.3 million in FY2018.

Other operating expenses increased by S\$0.5 million or 17.9% from S\$2.8 million in FY2017 to S\$3.3 million in FY2018 mainly due to full year operating costs of the Group's beauty and electrical divisions being recorded.

As a result of the above, net profit after tax decreased by S\$1.7 million or 47.2% from S\$3.6 million in FY2017 to S\$1.9 million in FY2018.

#### HY2018 vs HY2019

The Group recorded a revenue of approximately S\$27.3 million in HY2019, representing a decrease of S\$9.9 million or 26.6% from approximately S\$37.2 million in HY2018. This was mainly due to (a) cyclical downturn in OEM market in Singapore and Malaysia and (b) absence of revenue contribution from the electrical operations as the Group's subsidiary, Acee, was dormant since November 2018 and subsequently disposed in HY2019. This was partially offset by improved OEM market conditions in Indonesia and Vietnam and increase in revenue contribution from the beauty division. Revenue from the property segment remained relatively stable. The gross profit margin of the Group remained relatively stable at 21.8% for HY2019 compared to 21.6% for HY2018.

Staff costs decreased by S\$0.3 million or 8.1% from S\$3.7 million in HY2018 to S\$3.4 million in HY2019. This was mainly due to cessation of operations of Acee in HY2018 and the Group's prudent approach towards headcount management, including natural staff attrition as well as the optimisation of operations.

Depreciation expense increased by S\$0.1 million or 20.0% from S\$0.5 million in HY2018 to S\$0.6 million in HY2019 due to the upward revaluation of the Group's properties in Singapore in December 2018, addition of property in Singapore for operations use and the adoption of Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 16 *Leases* during the period.

Foreign exchange loss decreased significantly due to the realization of IDR currency translation losses arising from the repayments of quasi-equity loan by the Indonesian subsidiary in HY2018. In HY2019, the Group recorded a gain on sale of investment property of S\$2.5 million following the sale of the Group's property in Singapore as part of a collective sale. In HY2019, the Group also recorded a gain of S\$0.4 million on the disposal of the entire 70% stake in Acee.

Other operating expenses decreased by S\$0.2 million or 12.5% from S\$1.6 million in HY2018 to S\$1.4 million in HY2019. This was due mainly to lower level of business activity in HY2019, cessation of the operations of Acee in the second half of 2018 and subsequently its full disposal in HY2019 and the impact of the adoption of SFRS(I) 16 *Leases* in HY2019.

As a result of the above, net profit after tax increased by S\$2.2 million, from \$0.8 million in HY2018 to S\$3.0 million in HY2019. Excluding the one-time gains from the sale of investment property and disposal of a subsidiary, the net profit after tax in HY2019 would have been approximately 92.1% lower than the corresponding period in HY2018.

#### Financial position of the Group

A summary of the unaudited financial position of the Group as at 30 June 2019 is set out as follows:

<b>S\$'000</b>	<b>30 June 2019 Unaudited</b>
<b>Current assets</b>	
Trade debtors	9,227
Other debtors	91
Prepayments	315
Inventories	33,619
Cash at banks and on hand	4,411
	<hr/> 47,663
<b>Non-current assets</b>	
Property, plant and equipment	36,785
Investment in associates	780
Investment properties	55,687
	<hr/> 93,252
<b>Total assets</b>	<hr/> <b>140,915</b> <hr/>
<b>Current liabilities</b>	
Interest bearing loans and borrowings	5,425
Trade creditors and accruals	11,510
Other creditors	700
Lease liabilities	23
Amounts due to related parties	2,384
Provision for taxation	61
	<hr/> 20,103
<b>Non-current liabilities</b>	
Interest bearing loans and borrowings	14,317
Lease liabilities	3,239
Deferred tax liabilities	4,149
	<hr/> 21,705
<b>Total liabilities</b>	<hr/> <b>41,808</b> <hr/>
<b>Net assets</b>	<hr/> <b>99,107</b> <hr/>

<b>S\$'000</b>	<b>30 June 2019</b>
	<b>Unaudited</b>
<b>Equity attributable to owners of the Company</b>	
Share capital	39,580
Assets revaluation reserve	17,117
Foreign currency translation reserve	(5,207)
Revenue reserve	38,990
	<hr/>
	90,480
Non-controlling interests	8,627
	<hr/>
<b>Total equity</b>	<b>99,107</b>
	<hr/>
Number of shares	395,103,118
NAV attributable to Shareholders per Share (cents)	22.9

*Source: Company's announcement*

### Major assets and liabilities

As at 30 June 2019, the total assets of the Group amounted to approximately S\$140.9 million and comprised current assets of approximately S\$47.7 million and non-current assets of S\$93.2 million, representing 33.9% and 66.1% of total assets respectively.

Current assets as at 30 June 2019 comprised mainly (i) inventories of S\$33.6 million (ii) trade debtors of S\$9.2 million and (iii) cash at banks and on hand of S\$4.4 million, representing 23.8%, 6.5% and 3.1% of total assets respectively. Non-current assets as at 30 June 2019 comprised mainly investment properties of S\$55.7 million and property, plant and equipment of S\$36.8 million, representing 39.5% and 26.1% of total assets respectively.

As at 30 June 2019, the total liabilities of the Group amounted to approximately S\$41.8 million and comprised current liabilities of approximately S\$20.1 million and non-current liabilities of S\$21.7 million, representing 48.1% and 51.9% of total liabilities respectively.

Current liabilities as at 30 June 2019 comprised mainly (i) trade creditors and accruals of S\$11.5 million (ii) interest bearing loans and borrowings of S\$5.4 million and (iii) amounts due to related parties of S\$2.4 million, representing 27.5%, 12.9% and 5.7% of total liabilities respectively. Non-current liabilities as at 30 June 2019 comprised (i) interest bearing loans and borrowings of S\$14.3 million (ii) deferred tax liabilities of S\$4.1 million and (iii) lease liabilities of S\$3.2 million, representing 34.2%, 9.8% and 7.7% of total liabilities respectively.

## **8.2 Analysis of the Group's NAV and NTA**

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the

proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of, given that the market values of assets may vary depending on, amongst others, the prevailing market and economic conditions.

The NTA based approach is similar to the NAV based approach except that it does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names in providing an estimate of the value of a company or group assuming the hypothetical sale of all its assets.

<u>Based on the Group's unaudited balance sheet as at 30 June 2019</u>	
<b>NAV attributable to owners of the Company as at 30 June 2019 (S\$'000)</b>	<b>90,480</b>
Less: Intangible Assets	—
<b>NTA attributable to owners of the Company as at 30 June 2019 (S\$'000)</b>	<b>90,480</b>
Number of ordinary Shares of the Company	395,103,118
NAV and/or NTA per Share (S\$)	0.23
Offer Price (S\$)	0.065
<b>Offer Price to NAV and/or NTA per Share (x)</b>	<b>0.28</b>
<b>Discount of Offer Price to NAV and/or NTA per Share (%)</b>	<b>71.7</b>

For illustrative purposes only, the Offer Price to NAV and/or NTA per Share (“**P/NAV**”, “**P/NTA**”) and the discount of the Offer Price to NAV and/or NTA per Share as at 30 June 2019 are 0.28x and 71.7% respectively.

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 30 June 2019.

As at 30 June 2019, the Group had (i) property, plant and equipment of approximately S\$36.8 million, of which S\$32.9 million comprised of freehold/leasehold land and building (“**Properties under PPE**”) and (ii) investment properties of S\$55.7 million (“**Investment Properties**”), (collectively, the “**Properties**”). These Properties made up approximately 62.9% of the Group’s total assets as at 30 June 2019.

We understand that the Company had commissioned independent valuers to determine the market value of all the Properties of the Group as at the Valuation Date being 31 December 2018 for the purposes of the Company’s annual report for FY2018. Based on confirmations received from the independent valuers, the fair valuation of the Properties as at the Latest Practicable Date is not expected to be materially different from the market valuation of the Properties as at the Valuation Date and accordingly no valuation was undertaken in connection with the Offer. On the basis of the aforementioned, the aggregate current market value of the Properties of the Group would be approximately S\$90.7 million, which is only slightly higher (by S\$2.1 million or 2.4%) than their aggregate book value of approximately S\$88.6 million as at 30 June 2019. As at the Latest Practicable Date, the Directors and the Management has represented and confirmed that the Company has no immediate plans to dispose of any of the Properties.

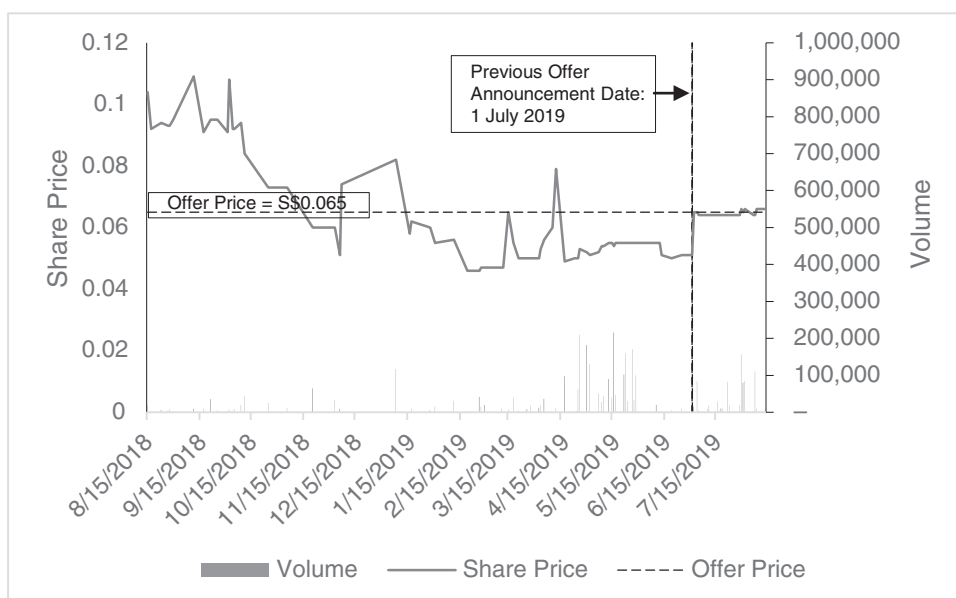
Save for the above and/or as disclosed in the unaudited financial statements of the Group as at 30 June 2019, the announcements released by the Company on the SGXNET and the Circular, the Board of Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) there are no material events that have or will likely have a material impact to the financial position of the Group since 30 June 2019;
- (b) there are no material differences between the realisable value of the Group's assets and their respective book values as at 30 June 2019 which would have a material impact on the unaudited NTA of the Group;
- (c) other than that already provided for or disclosed in the Group's financial information as at 30 June 2019, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the unaudited NTA of the Group as at the Latest Practicable Date;
- (d) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (e) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS(I) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (f) there are no material acquisitions and disposals of assets by the Group between 30 June 2019 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

### **8.3 Historical share price performance and trading liquidity**

The Shares have been suspended from trading on 14 August 2019, following the loss of the free float requirement prescribed by Rule 723 of the Listing Manual of the SGX-ST at the close of the mandatory unconditional offer by Raffles Infinity ("**Previous Offer**"). The date on which the Shares were last traded on the SGX-ST prior to the suspension of trading of the Shares was 13 August 2019 (the "**Last Trading Day**"). We set out below a chart showing the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 13 August 2018, being the last 12 months period prior to 13 August 2019, being the Last Trading Day ("**Period Under Review**").





We have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

Reference Period	Highest closing price (S\$)	Lowest closing price (S\$)	VWAP (S\$) <sup>(1)</sup>	Premium/ (Discount) of Offer Price over/ (to) VWAP (%)	Number of traded days <sup>(2)</sup>	Average daily trading volume <sup>(3)</sup> (Shares)	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
For the period prior to the Last Trading Day							
Last 12 months	0.109	0.046	0.060	9.1	98	13,526	0.025
Last 6 months	0.079	0.046	0.056	15.9	70	23,335	0.043
Last 3 months	0.066	0.050	0.059	10.0	42	29,216	0.053
Last 1 month	0.066	0.064	0.065	–	16	31,815	0.058
Last Trading Day	0.066	0.066	0.066	(1.5)	1	10,200	0.019

Source: Bloomberg L.P.

**Notes:**

- (1) Rounded to the nearest three (3) decimal places;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period; and
- (4) As at the date of announcement of the Previous Offer, Raffles Infinity (being the offeror) and its concert parties held approximately 86.2% of the issued shares of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 54.6 million Shares (or approximately 13.8% of issued share capital) held by public shareholders (other than Raffles Infinity and its concert parties).

Based on the above, we note the following:

- (a) The Offer Price is at a premium of approximately 9.1%, 15.9% and 10.0% to the VWAP of the Shares for the 12-month, 6-month and 3-month periods prior to the Last Trading Day respectively;
- (b) The Offer Price is the same as VWAP of the Shares for the 1-month period prior to the Last Trading Day; and
- (c) The Offer Price is at a discount of approximately 1.5% to the closing price of the Shares on the Last Trading Date.

We observe the following with regard to the trading liquidity of the Shares:

- (i) Trading liquidity of the Shares over all the reference periods during the Period Under Review up to the Last Trading Day has been low with an average daily trading volume of the Shares representing between 0.019% and 0.058% of the free float of the Company as at the launch of the Previous Offer;

**Shareholders should note that following the close of the Previous Offer, the Shares have been suspended since 14 August 2019 as the Company no longer meets the free float requirement prescribed by Rule 723 of the Listing Manual of the SGX-ST. The Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted.**

#### 8.4 Relative valuation analysis

In assessing the reasonableness of the Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies listed on the SGX-ST that may, in our view, be broadly comparable to the existing core business of the Group.

Based on the annual report of the Company for FY2018, the Group operates predominantly in the following business segments:

	<b>Segment</b>	<b>Percentage of Group's total revenue in FY2018</b>	<b>Percentage of the reportable segment assets as at 31 December 2018</b>
1.	The stockist, distribution and retail of electrical, bearings and seal products business (" <b>Bearing and Seals Business</b> ")	95.7%	58.4% <sup>(1)</sup>
2.	The investment property business (" <b>Property Segment</b> ")	2.8%	41.2% <sup>(1)</sup>
3.	The distributors and retailers of gearbox products and distributors and retailers of beauty products (" <b>Gearbox and Beauty Segment</b> ")	1.5%	0.3% <sup>(1)</sup>

**Note:**

- (1) The percentages do not add up to 100% due to rounding.

The Group expanded into the Gearbox and Beauty Segment in 2017. However, revenue contribution from this segment is insignificant.

For the purpose of our analysis, we will made reference to companies in the (i) the stockist, distribution and retail of bearings and seal products business (the “**Selected Steel Companies**”); and (ii) the investment property business with a market capitalisation of between S\$50 million to S\$250 million as at the Latest Practicable Date (the “**Selected Property Investment Companies**”), collectively, the (“**Selected Comparable Companies**”). We note that many of the Selected Property Investment Companies also carry out property development which is not part of the business currently undertaken by the Company.

We wish to highlight that the Selected Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Selected Comparable Companies may engage in other separate business activities which are not related to the principal business of the Group. In addition, we wish to highlight that the list of Selected Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

The Independent Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below:

A brief description of the Selected Comparables Companies is set out below.

<b>Company</b>	<b>Business description (as extracted from Bloomberg)</b>	<b>Market Capitalisation as at the Latest Practicable Date (S\$ million)</b>
<b>Selected Steel Companies</b>		
Asia Enterprises Holding Limited (“ <b>Asia Enterprises</b> ”)	Asia Enterprises operates as a holding company. The Company, through its subsidiaries, distributes steel shipbuilding plates, beams, bulb flats, channels, bars, pipes, and hollow sections.	50.8
HG Metal Manufacturing Limited (“ <b>HG Metal</b> ”)	HG Metal offers different types of steel products used in various industrial and engineering applications, including pipes, mild steel lip channels, plates, bars, tubes, and I-beams. The Company also manufactures customized flat steel bars and mild steel lip channels commonly use as roofing support in commercial and industrial building.	26.1

<b>Company</b>	<b>Business description (as extracted from Bloomberg)</b>	<b>Market Capitalisation as at the Latest Practicable Date (S\$ million)</b>
Sin Ghee Huat Corporation Ltd ( <b>"Sin Ghee Huat"</b> )	Sin Ghee Huat distributes stainless steel products for industries that include, oil and gas, petrochemicals, marine, construction, and food processing.	47.7
<b>Selected Property Investment Companies</b>		
Tee Land Limited ( <b>"Tee Land"</b> )	TEE Land Limited is a residential and commercial property developer in Singapore. The Company's property development projects are pre-dominantly freehold in tenure and are targeted at middle-to-high income consumers who value exclusivity in good locations.	59.9
Goodland Group Limited ( <b>"Goodland"</b> )	Goodland develops and sells residential properties in Singapore and also invests in properties to earn rentals and for capital appreciation.	67.7
World Class Global Limited ( <b>"World Class Global"</b> )	World Class Global Limited provides property development services. The Company constructs residential buildings, as well as offers property investment services. World Class Global serves customers worldwide.	151.1
Heeton Holdings Limited ( <b>"Heeton Holdings"</b> )	Heeton Holdings Limited develops and sells private residential properties. The Company also manages and invests in residential, retail, and commercial properties.	146.3
Sing Holdings Limited ( <b>"Sing Holdings"</b> )	Sing Holdings develops residential, commercial, and industrial properties and retains a stake in certain properties.	160.4
MYP Ltd. ( <b>"MYP"</b> )	MYP Ltd. and its subsidiaries are involved in investment holding and investment in real estate assets <sup>(1)</sup>	191.1
Hwa Hong Corporation Limited ( <b>"Hwa Hong"</b> )	Hwa Hong Corporation Limited is an investment holding company. The Company's subsidiaries operate in general insurance, warehouse rental, packing of edible oil products, general trading in consumer products, and property management and development activities.	202.3

Source: Bloomberg L.P.

**Note:**

- (1) The business description of MYP Ltd. is based on the annual report of MYP Ltd. for financial year ended 31 March 2019.

The valuation ratios of the Selected Comparables Companies based on their respective closing share prices as at the Latest Practicable Date are set out below:

Companies	Last Financial Year End	Historical P/E <sup>(1) (2)</sup> (times)	Historical P/NAV <sup>(1) (3)</sup> (times)	Historical EV/EBITDA <sup>(1) (2)</sup> (times)
<u>Selected Steel Companies</u>				
Asia Enterprises	Dec	29.59	0.55	2.87
HG Metal	Dec	n.a. <sup>(4)</sup>	0.26	n.a. <sup>(4)</sup>
Sin Ghee Huat	June	19.93	0.56	8.53
<b>Maximum</b>		29.59 <sup>(6)</sup>	0.56	8.53
<b>Minimum</b>		19.93	0.26	2.87
<b>Median</b>		24.76	0.55	5.70
<b>Average</b>		24.76	0.46	5.70
<u>Selected Property Investment Companies</u>				
Tee Land	May	n.a. <sup>(4)</sup>	0.50	n.a. <sup>(4)</sup>
Goodland	Sep	12.51	0.33	34.65
World Class Global	Dec	6.53	1.25	6.70
Heeton Holdings	Dec	8.30	0.34	14.75
Sing Holdings	Dec	14.38	0.57	11.14
MYP	Mar	n.a. <sup>(4)</sup>	0.54	36.34
Hwa Hong	Dec	46.47	1.07	30.06
<b>Maximum</b>		46.47	1.25	36.34
<b>Minimum</b>		6.53	0.33	6.70
<b>Median</b>		12.51	0.54	22.40
<b>Average</b>		17.64	0.66	22.27
<b>The Group (as implied by the Offer Price)<sup>(5) (6)</sup></b>		<b>14.06</b>	<b>0.28</b>	<b>11.03</b>

Source: Bloomberg L.P., annual reports and/or announcements of the respective Selected Comparable Companies and W Capital's computations

**Notes:**

- (1) Market capitalization, historical P/E, P/NAV and EV/EBITDA of the Selected Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the historical full year consolidated earnings of the respective Comparable Companies.
- (3) The P/NAV ratios of the Selected Comparable Companies were based on their respective NAV values as set out in their latest available published financial statements as at the Latest Practicable Date.
- (4) Not applicable as the respective Selected Comparables are loss-making.
- (5) The historical P/E multiple and the historical EV/EBITDA multiple of the Group as implied by the Offer Price were computed based on its earnings and EBITDA for the Group for FY2018.
- (6) The historical P/NAV multiple of the Group as implied by the Offer Price was computed based on its NAV as at 30 June 2019.

Based on the above, we note that:

- (a) The valuation of the Group (as implied by the Offer Price) in terms of historical P/E of 14.06 times is (i) below the range of the P/E ratios of the Selected Steel Companies of between 19.93 times and 29.59 times and (ii) within the range of the P/E ratios of the Selected Property Investment Companies of between 6.53 times and 46.47 times, and is above the median P/E ratio of 12.51 times but below the average P/E ratio of 17.64 times;
- (b) The P/NAV ratio of the Group (as implied by the Offer Price) of 0.28 times is (i) within the range of P/NAV ratios of the Selected Steel Companies of between 0.26 times and 0.56 times, but below the median and average P/NAV of 0.55 times and 0.46 times respectively and (ii) below the range of P/NAV ratios of the Selected Property Investment Companies of between 0.33 times and 1.25 times; and
- (c) The EV/EBITDA ratio of the Group (as implied by the Offer Price) of 11.03 times is (i) higher than the range of EV/EBITDA ratios of the Selected Steel Companies of between 2.87 times and 8.53 times, and higher than the median and average EV/EBITDA of 5.70 times and (ii) within the range of the EV/EBITDA of the Selected Property Investment Companies of between 6.70 times and 36.34 times, but below the median and average of EV/EBITDA of 22.40 and 22.27 times respectively.

Overall, the valuation of the Group as implied by the Offer Price when compared with the valuation multiples of the Selected Comparable Companies appears unfavourable. However, the comparison of the valuation ratios between the Group and the Selected Comparable Companies should also be considered in the context that as at the Offer Announcement Date, the Offeror and its concert parties already own, in aggregate, a shareholding interest of approximately 96.02% of the total number of issued Shares of the Company.

#### **8.5 Comparison with recently completed privatization transactions in Singapore**

In assessing the reasonableness of the Offer Price, we have also compared the valuation statistics implied by the Offer Price with those of selected recent privatization transactions undertaken by SGX-ST listed companies.

For our analysis, we have compared the financial terms of the Offer against all recently completed privatization transactions carried out either by general takeover offer, either voluntary (“**VGO**”) or mandatory (“**MGO**”) (including Scheme of Arrangement (“**SOA**”)) or by way of voluntary delistings (“**VD**”) (collectively, the “**Precedent Privatisation Transactions**”) as announced during the 2-year period prior to the Last Trading Day and completed as at the Latest Practicable Date.

In making the comparison herein, we wish to highlight that the companies selected and covered herein are not directly comparable to the Company and may largely differ from the Company in terms of, *inter alia*, size and scale of operations, type and/or composition of business activities and specialization, asset base, geographical spread, track record, financial performance, capital structure, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Likewise, they involve shares of companies which are quoted, listed and tradeable on the stock exchange. As the Company has, *inter-alia*, more than one segment of business and percentage of its revenue or earnings or EBITDA or assets deployed for its various business segments may differ from the companies whose transactions are reflected in the Precedent Privatisation Transactions, the relative weightage as accorded by us may differ from that as assigned by investors or Shareholders, for the valuation of each of the different business segments. Accordingly, the analysis will be limited and purely for illustrative purpose only.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or "internal goodwill or intangible assets", the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company and the existing and desired level of control in the target company.

The data used in the table and the companies listed below have been compiled from publicly available information and serves as a guide as to the valuation ratio in connection with privatisations or delisting of companies listed on the SGX-ST without regard to their specific industry characteristics or other considerations. Each of the offers for the Precedent Privatisation Transactions must be judged on its own commercial and financial merits. The lists of target companies involved in the Precedent Privatisation Transactions are by no means exhaustive and as such any comparison made only serves as an illustration.

Company	Type	Announcement Date	Offer Price (S\$)	Premium/(discount) over/(to) <sup>(1)</sup>			Offer Price to NTA/NAV <sup>(2)</sup> (x)
				Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	
Poh Tiong Choon Logistics Limited	VGO	20 Sep 17	1.300	1.6	30.0	41.3	3.1 <sup>(3)</sup>
Rotary Engineering Limited	VD	2 Oct 17	0.460	20.1	21.9	25.1	1.3 <sup>(4)</sup>
Cogent Holdings Limited	VGO	3 Nov 17	1.020	5.2	6.2	12.7	1.2 <sup>(5)</sup>
Vard Holdings Limited	VD	13 Nov 17	0.250	8.7	16.2	29.3	0.9 <sup>(6)</sup>
CWG International Ltd.	VGO	28 Dec 17	0.195	27.5	29.5	29.2	0.4 <sup>(7)</sup>
Tat Hong Holdings Limited <sup>(8)</sup>	VGO	21 Sep 17	0.550	42.9	47.5	49.1	0.7 <sup>(9)</sup>
LTC Corporation Limited	VD	9 Feb 18	0.925	44.5	46.1	45.4	0.5 <sup>(10)</sup>
Lee Metal Group Ltd	VGO	21 Feb 18	0.420	9.1	14.1	21.4	1.0 <sup>(11)</sup>
Weiyee Holdings Limited	VD	13 Mar 18	0.650	31.3	40.7	44.1	0.3 <sup>(12)</sup>
Wheelock Properties (Singapore) Limited	VGO	19-Jul-18	2.100	22.7	29.0	22.7	0.8 <sup>(13)</sup>
M1 Limited	VGO	27 Sep 18 <sup>(14)</sup>	2.060	26.3	29.9	29.1	3.9 <sup>(15)</sup>
Keppel Telecommunications & Transportation Ltd	SOA	27 Sep 18	1.910	40.4	39.5	34.9	1.2 <sup>(16)</sup>
Cityneon Holdings Limited	MGO	29 Oct 18	1.300	4.1	6.9	11.9	4.5 <sup>(17)</sup>
PCI Limited	SOA	4 Jan 19	1.330	27.9	44.0	47.2	2.0 <sup>(18)</sup>
Declout Limited	VGO	7 Jan 19	0.130	62.5	66.7	66.7	1.3 <sup>(19)</sup>
Courts Asia Limited	VGO	18 Jan 19	0.205	34.9	35.8	34.0	0.6 <sup>(20)</sup>

Company	Type	Announcement Date	Offer Price (\$S)	Premium/(discount) over/(to) <sup>(1)</sup>			Offer Price to NTA/NAV <sup>(2)</sup> (x)
				Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	
Kingboard Copper Foil Holdings Limited	VGO	4 Apr 19	0.600	9.1	21.8	28.1	0.9 <sup>(21)</sup>
800 Super Holdings Limited	VGO	6 May 19	0.900	16.1	30.6	31.2	1.8 <sup>(22)</sup>
Memtech International Ltd.	VGO	14 May 19	1.350	23.9	31.5	31.6	1.1 <sup>(23)</sup>
Boardroom Limited	VGO	15 May 19	0.880	14.3	18.9	16.1	2.0 <sup>(24)</sup>
Hupsteel Limited	VGO	28 Jun 19	1.200	51.9	58.3	58.6	0.6 <sup>(25)</sup>
Delong Holdings Limited	VGO	29 Jul 19	7.000	16.5	18.6	19.0	0.6 <sup>(26)</sup>
Star Pharmaceutical Limited	MGO	5 Aug 19	0.450	157.1	160.1	176.1	0.7 <sup>(27)</sup>
TPV Technology Limited	SOA	8 Aug 19	HK\$3.86	41.4	55.0	88.3	0.8 <sup>(28)</sup>
PS Group Holdings Ltd	VGO	20 Aug 19	0.118	195.0	266.7	267.5	0.6 <sup>(29)</sup>
San Teh Ltd	VGO	5 Sep 18	0.280	81.8	85.2	81.8	0.4 <sup>(30)</sup>
<b>High</b>				<b>195.0</b>	<b>266.7</b>	<b>267.5</b>	<b>4.5</b>
<b>Low</b>				<b>1.6</b>	<b>6.2</b>	<b>11.9</b>	<b>0.3</b>
<b>Median</b>				<b>26.9</b>	<b>31.1</b>	<b>32.8</b>	<b>0.9</b>
<b>Mean</b>				<b>39.1</b>	<b>48.1</b>	<b>51.6</b>	<b>1.3</b>
<b>Company</b>	<b>VGO</b>	<b>25-Oct-19</b>	<b>0.065</b>	<b>(1.5)</b>	<b>-</b>	<b>10.0</b>	<b>0.28</b>

Source: Bloomberg L.P. and circulars of the respective selected transactions

**Notes:**

- (1) Market premia/(discounts) calculated relative to the last transaction prices and the 1-month and 3-month VWAPs of the respective target companies prior to the respective announcements.
- (2) Based on the P/NTA or P/NAV per share (as the case may be), as published in the respective circulars of the target companies.
- (3) Based on the NAV per share of Poh Tiong Choon Logistics as at 30 June 2017.
- (4) Based on the revalued NAV per share of Rotary Engineering Limited as at 30 September 2017.
- (5) Based on the revalued NAV per share of Cogent Holdings Limited as at 30 September 2017.
- (6) Based on the revalued NTA per share of Vard Holdings Limited as at 31 March 2018.
- (7) Based on the revalued NAV per share of CWG International Ltd. as at 31 December 2017.
- (8) The announcement date is 21 September 2017 which is the initial announcement date where the company had been approached by certain parties in connection with a potential transaction in relation to the securities of the company. The offer price is based on the revised offer price announced on 26 April 2018. The premium of offer price is based on last full market trading day prior to the announcement of 21 September 2017.
- (9) Based on the NAV per share of Tat Hong Holdings Limited as at 31 December 2017.
- (10) Based on the revalued NAV per share of LTC Corporation Limited as at 30 June 2018.
- (11) Based on the revalued NAV per share of Lee Metal Group Ltd as at 31 March 2018.
- (12) Based on the revalued NAV per share of Weiye Holdings Limited as at 30 April 2018.
- (13) Based on the revalued NAV per share of Wheelock Properties (Singapore) Limited as at 30 June 2018.
- (14) Based on the pre-conditional offer announcement date.
- (15) Based on the NAV per share of M1 Limited as at 30 September 2018.
- (16) Based on the NAV per share of Keppel Telecommunication & Transportation Ltd as at 30 June 2018.
- (17) Based on the NAV per share of Cityneon Holdings Limited as at 30 September 2018.
- (18) Based on the NTA per share of PCI Limited as at 31 December 2018.
- (19) Based on the pro-forma NTA per share of Declout Limited as at 30 September 2018.



- (20) Based on the pro-forma NAV per share of Courts Asia Limited as at 15 January 2019.
- (21) Based on the revalued NAV per share of Kingboard Copper Foil Holdings Limited as at 31 December 2018.
- (22) Based on the NAV per share of 800 Super Holdings Limited as at 31 March 2019.
- (23) Based on the NAV per share of Memtech International Ltd. as at 31 March 2019.
- (24) Based on the adjusted NAV per share of Boardroom Limited as at 31 March 2019.
- (25) Based on the revalued NAV per share of Hupsteel Limited as at 31 March 2019.
- (26) Based on the unaudited NAV per share of Delong Holdings Limited as at 30 June 2019. There were two offers where the first offer which was announced on 27 September 2018 was withdrawn at a later date. For the purpose of this analysis, we have used the second offer which was successful.
- (27) Based on the revalued NAV of Star Pharmaceutical Limited as at 30 June 2019.
- (28) Based on the NAV per share of TPV Technology Limited as at 30 June 2019.
- (29) Based on the revalued NAV per share of PS Group Holdings Ltd as at 30 June 2019.
- (30) Based on the revalued NAV of San Teh Ltd as at 30 June 2019.

Based on the above, we note the following:

- (a) The Offer Price discount of 1.5% for the Shares as implied by the Offer Price over the last transacted price prior to the Offer Announcement Date is the only transaction where the Offer Price is at a discount to the last transacted price. In all the Precedent Privatisation Transactions, the offer price was at a premium to the last transacted price prior to the offer announcement date;
- (b) Similarly, in all the Precedent Privatisation Transactions, the offer price is at a premium to the 1-month VWAP, whereas for the Offer, the Offer Price is the same as the 1-month VWAP prior to the Offer Announcement Date, hence making it less favourable as compared to the Precedent Privatisation Transactions;
- (c) The Offer Price premium of 10.0% for the Shares as implied by the Offer Price over the 3-month VWAP prior to the Offer Announcement Date is lower than the range of premium for the Precedent Privatisation Transactions; and
- (d) The valuation of the Group as implied by the Offer Price in terms of P/NAV and/or P/NTA of 0.28 times is significantly lower than the median and mean P/NAV of the Precedent Privatisations Transactions of 0.9 times and 1.3 times respectively.

## **8.6 Other relevant considerations**

### **8.6.1 Outlook of the Group**

The Company had, in its latest results announcement dated 14 August 2019 disclosed that the Group expects the business operating environment to remain challenging and uncertain.

### **8.6.2 SGX-ST Watch List Status**

As set out in Section 4.3 of the Offer Document, the Company has been placed on the Watch-list of the SGX-ST under the minimum trading price entry criteria from 5 December 2018 and in view of the Company being on the Watch-list, it is very unlikely that the Company can find new investors, or improve its current illiquid and thinly traded Shares, in order to exit the Watch-list.

### **8.6.3 Likelihood of competing offers is remote**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

We note that as at the Latest Practicable Date, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties and for which valid acceptances of the Offer have been received, amount to an aggregate of 382,601,812 Shares, representing approximately 96.84% of the total number of issued Shares. It is therefore highly unlikely that there will be a competing offer from any third party.

#### **8.6.4 Listing status and Compulsory Acquisition**

The Offeror does not intend to preserve the listing status of the Company. As the free float requirement pursuant to Rule 1303(1) of the Listing Manual of the SGX-ST is not satisfied and the trading of the Shares has been suspended since 14 August 2019, the Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for the suspension of trading of the Shares by the SGX-ST to be lifted following the close of the Offer.

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90.0% of the total number of issued Shares as at the date of the Offer (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Offer and excluding any Shares held as treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price. **In such an event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.**

As announced by the Offeror on 11 November 2019, as at 5.00 p.m. (Singapore time) on 11 November 2019, the Offeror had received valid acceptances in respect of an aggregate of 379,765,512 Shares pursuant to the Offer, representing approximately 96.12% of the total number of issued Shares. On 15 November 2019, the Offeror gave notice in the form prescribed under the Companies Act (the “**Form 57**”) pursuant to Section 215(1) of the Companies Act, together with a cover letter (the “**Letter**”), to Shareholders who had not accepted the Offer (the “**Dissenting Shareholders**”) informing that the Offeror is entitled and intends to, as indicated in the Offer Document, exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares held by the Dissenting Shareholders, at the Offer Price of **S\$0.065** (in cash) for each Offer Share and on the same terms as those offered under the Offer.

The Offeror has also despatched, together with the Letter, a Notice to Non-Assenting Shareholder in the form prescribed under the Companies Act (the “**Form 58**”) pursuant to Section 215(3) of the Companies Act, whereby the Dissenting Shareholders may, within three months from the date of the Form 58 (that is, by 15 February 2020), require the Offeror to acquire their Offer Shares, and the Offeror shall be entitled and bound to acquire such Offer Shares on the same terms as those offered under the Offer at the consideration for the Offer, comprising the Offer Price of **S\$0.065** (in cash) for each Offer Share.

**As the Offeror will be proceeding to compulsorily acquire the Offer Shares of the Dissenting Shareholders, the Offeror has stated that the Dissenting Shareholders need not take any action in relation to the Form 58. Dissenting Shareholders who wish to exercise their rights under Section 215(3) of the Companies Act or who are in any doubt as to their position are advised to seek their own independent legal advice.**

### 8.6.5 Implications of the impending Compulsory Acquisition for Shareholders

Shareholders should note the following implications or consequences which will arise as a result of the Offer and the impending Compulsory Acquisition of the Shares by the Offeror:–

- (i) As stated in the Letter, the Offeror will exercise its right of compulsory acquisition to acquire all the Offer Shares held by the Dissenting Shareholders (the “**Compulsory Acquisition**”) on or after 16 December 2019 (the “**Transfer Date**”), being the day after the expiry of one month after the date on which the Form 57 was given to the Dissenting Shareholders, subject to and on the terms set out in the Form 57. Settlement of the consideration in respect of the Offer Shares compulsorily acquired by the Offeror will take place as soon as practicable after the Transfer Date. Subject to the completion of the Compulsory Acquisition, an application has been or will be made to the SGX-ST for the delisting of the Company (the “**Delisting Application**”) and the results of the Delisting Application and the date on which the Company will be delisted from the SGX-ST will be announced in due course;
- (ii) Notwithstanding the Compulsory Acquisition, Dissenting Shareholders may accept the Offer in accordance with the procedures set out in Appendix 5 to the Offer Document between today and 9 December 2019, being the Closing Date, in which case, settlement of the consideration for the Offer Shares validly tendered in acceptance will take place within seven (7) Business Days after receipt of such acceptances; and
- (iii) Given the time taken for the Offeror to exercise its right to compulsorily acquire the remaining Offer Shares as stated in 8.6.5(i) above, Shareholders may wish to consider tendering their acceptance in respect of their Offer Shares before the Closing Date in order to receive the consideration in respect of their Offer Shares earlier. For the avoidance of doubt, Shareholders who have already tendered in acceptance of the Offer or Shareholders who are to tender in acceptance of the Offer between today and 9 December 2019, being the Closing Date, may disregard the Letter, the Form 57 and the Form 58.

## 9. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS

In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

**Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that, on balance, the financial terms of the Offer are NOT FAIR BUT REASONABLE. Accordingly, we recommend the Independent Directors to recommend that Shareholders ACCEPT the Offer.**

In determining that the Offer is **NOT FAIR**, we have considered the following pertinent factors from the perspective of the value of the Offer Shares:

- (a) The Offer Price to NAV and/or NTA per Share and the discount of the Offer Price to NAV and/or NTA per Share as at 30 June 2019 are 0.28x and 71.7% respectively;
- (b) The Offer Price is at a discount of approximately 1.5% to the closing price of the Shares on the Last Trading Date;

- (c) The valuation of the Group (as implied by the Offer Price) in terms of historical P/E of 14.06 times is below the range of the P/E ratios of the Selected Steel Companies of between 19.93 times and 29.59 times and below the average P/E ratio of the Selected Property Investment Companies of 17.64 times but is above the median P/E ratio of the Selected Property Investment Companies of 12.51 times;
- (d) As compared to the Precedent Privatisation Transactions, the Offer Price discount of 1.5% for the Shares as implied by the Offer Price over the last transacted price prior to the Offer Announcement Date is the only transaction where the Offer Price is at a discount to the last transacted price. In all the Precedent Privatisation Transactions, the offer was at a premium to the last transacted price prior to the announcement date;
- (e) In all the Precedent Privatisation Transactions, the offer price is at a premium to the 1-month VWAP with a median premium of 31.1%, whereas for the Offer, the Offer Price is the same as the 1-month VWAP prior to the Offer Announcement Date, hence making it less favourable as compared to the Precedent Privatisation Transactions;
- (f) The Offer Price premium of 10.0% for the Shares as implied by the Offer Price over the 3-month VWAP prior to the Offer Announcement Date is lower than the range of premium for the Precedent Privatisation Transactions; and
- (g) The valuation of the Group as implied by the Offer Price in terms of P/NAV and or P/NTA of 0.28 times is significantly lower than the median and mean P/NAV of the Precedent Privatisations Transactions of 0.9 times and 1.3 times respectively.

In determining that the Offer is **REASONABLE**, we have considered the following pertinent factors other than the perspective of the value of the Offer Shares:

- (a) The Offer Price is a premium of approximately 9.1%, 15.9% and 10.0% to the VWAP of the Shares for the 12-month, 6-month and 3-month periods prior to the Last Trading Day respectively;
- (b) The EV/EBITDA ratio of the Group (as implied by the Offer Price) of 11.03 times is (i) higher than the range of EV/EBITDA ratios of the Selected Steel Companies of between 2.87 times and 8.53 times and (ii) within the range of the EV/EBITDA of the Selected Property Investment Companies of between 6.70 times and 36.34 times, but below the median and average of EV/EBITDA of 22.40 times and 22.27 times respectively;
- (c) The Company had, in its latest results announcement dated 14 August 2019 disclosed that the Group expects the business operating environment to remain challenging and uncertain;
- (d) The total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties and for which valid acceptances of the Offer have been received, amount to an aggregate of 382,601,812 Shares as at the Latest Practicable Date, representing approximately 96.84% of the total number of issued Shares and it is therefore highly unlikely that there will be a competing offer from any third party; and
- (e) The Offeror has given notice in the form of the Letter and Form 57 to Dissenting Shareholders informing them that the Offeror is entitled and intends to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares held by the Dissenting Shareholders, at the Offer Price of S\$0.065 (in cash) for each Offer Share and on the same terms as those offered under the Offer.

Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Independent Directors.

In rendering our opinion and providing our recommendation, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Offer.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Independent Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purpose of the Offer.

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

Yours faithfully,

For and on behalf of  
**W Capital Markets Pte. Ltd.**

**Wayne Lee**  
Chairman and Chief Executive Officer

**Foo Say Nam**  
Senior Vice President  
Head of Advisory

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## ADDITIONAL GENERAL INFORMATION

### 1. DIRECTORS

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

Name	Address	Designation
Tan Saik Hock	c/o 5 Changi South Street 3 Singapore 486117	Non-Executive Independent Chairman
Teo Teng Beng	c/o 5 Changi South Street 3 Singapore 486117	Managing Director
Teh Geok Koon	c/o 5 Changi South Street 3 Singapore 486117	Executive Director
Lee Joo Hai	c/o 5 Changi South Street 3 Singapore 486117	Non-Executive Independent Director
Ngoi Sing Shang	c/o 5 Changi South Street 3 Singapore 486117	Non-Executive Independent Director

### 2. DESCRIPTION OF THE COMPANY

Founded in 1956 as a sole proprietorship and subsequently incorporated in Singapore on 3 November 1973, the Company is one of the largest stockists, distributors and retailers of bearings and seal products in South-East Asia and the Far East, catering primarily to bearing wholesalers, replacement markets and original equipment manufacturers. The Company was listed on the SGX-ST Dealing and Automated Quotation on 10 November 1995 and upgraded to the SGX-ST Mainboard on 2 February 1998.

The principal activities of the Company and its subsidiaries as at the Latest Practicable Date are those relating to:

- (a) distribution, retailing and application of bearings and seals in South East Asia and the Far East that caters primarily to the wholesale, maintenance, repair, and overhaul, and original equipment manufacturer (OEM) markets;
- (b) property investment, including collection of rent, capital growth potential and/or provision of property related services and facilities and/or the investment in or acquisition or disposal of shares or interests in any entity that holds property related assets;
- (c) property development, including the acquisition, development and/or sale of property related assets and/or investment in or acquisition or disposal of shares or interests in any entity that undertakes such property development activities; and
- (d) offering gearbox and electrical products to distributors, retailers and contractors as well as beauty products to consumers.

### **3. SHARE CAPITAL**

#### **3.1 Issued Share Capital**

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$39,963,735.05 comprising 395,103,118 Shares. The Company has only one class of shares, being ordinary shares, with equal ranking rights to dividend, voting at general meetings and return of capital.

The Company does not hold any treasury shares as at the Latest Practicable Date.

#### **3.2 Capital, Dividends and Voting Rights**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which is available for inspection at the Company's registered office at 5 Changi South Street 3, Singapore 486117. The relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted and reproduced in Appendix IV to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution and/or the Companies Act.

#### **3.3 Number of Shares Issued since the End of the Last Financial Year**

As at the Latest Practicable Date, save for 161,043,118 Shares issued in relation to the renounceable non-underwritten rights issue exercise pursuant to the circular to Shareholders dated 22 March 2019, there has been no issue of new Shares by the Company since 31 December 2018, being the end of the last financial year.

Shareholders should refer to the Company's circular dated 22 March 2019 and the announcements released by the Company on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com) for further details on the renounceable non-underwritten rights issue exercise.

#### **3.4 Convertible Instruments**

As at the Latest Practicable Date, the Company has not granted any other instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting any Shares.

### **4. DISCLOSURE OF INTERESTS**

#### **4.1 Interests of the Company in Offeror Securities**

As at the Latest Practicable Date, the Company does not have any direct or indirect interests in any Offeror Securities.

#### **4.2 Dealings in Offeror Securities by the Company**

As at the Latest Practicable Date, 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, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in any Offeror Securities.

Name	Interest in Offeror Shares			
	Direct		Deemed	
	No. of Offeror Shares	% <sup>(1)</sup>	No. of Offeror Shares	% <sup>(1)</sup>
Teo Teng Beng	2	50.0	0	0.0

**Note:**

(1) Based on 4 Offeror Shares as at the Latest Practicable Date.

#### 4.4 Dealings in Offeror Securities by the Directors

Save as disclosed below, 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.

Name	Date	No. of Offeror Shares Acquired	No. of Offeror Shares Sold/ Transferred	Transaction Price Per Offeror Share (\$)	Nature of Transaction
Teo Teng Beng	19 August 2019	2	–	1	Subscription for Offeror Shares

#### 4.5 Interests of the Directors in Company Securities

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

Teo Teng Beng does not have any direct interest in Shares, but is deemed interested in all the Shares held by the Offeror. Based on the information publicly available as at the Latest Practicable Date, as at 5.00 p.m. (Singapore time) on 14 November 2019, the Offeror has received valid acceptances of the Offer in respect of 382,346,112<sup>1</sup> Shares, representing 96.77% of the total number of Shares. A copy of the announcement made by the Offeror on 15 November 2019 pursuant to Rule 12.1 of the Code is available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com).

**Note:**

(1) This figure is derived from the difference between the following:

- (a) the resultant total number of Shares (i) owned, controlled or agreed to be acquired by the Offeror and its Concert Parties; and (ii) for which valid acceptances of the Offer have been received, which amount to an aggregate of 382,601,812 Shares; and
- (a) the resultant total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (excluding valid acceptances of the Offer), which amount to 255,700 Shares.

#### **4.6 Dealings in Company Securities by the Directors**

As at the Latest Practicable Date, none of the Directors has dealt for value in the 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 W Capital**

As at the Latest Practicable Date, none of W Capital or any funds whose investments are managed by W Capital on a discretionary basis owns or controls any Company Securities.

#### **4.8 Dealings in Company Securities by W Capital**

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of W Capital or any funds whose investments are managed by W Capital on a discretionary basis has dealt for value in the Company Securities.

#### **4.9 Intentions of the Directors in respect of their Shares**

As disclosed in paragraph 4.5 above, none of the Directors (other than Teo Teng Beng who is a shareholder of the Offeror) has any direct or indirect interests in the Company Securities.

### **5. OTHER DISCLOSURES**

#### **5.1 Directors' Service Contracts**

As at the Latest Practicable Date:

- (a) 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 are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

#### **5.2 Arrangements affecting Directors**

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 Offer;
- (b) save for the making of the Offer by the Offeror of which Teo Teng Beng is a shareholder as disclosed in section 3 of this Circular, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save for the making of the Offer by the Offeror of which Teo Teng Beng is a shareholder as disclosed in section 3 of this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

## 6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed below, 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.

Date of contract	Names of parties	Description	Consideration	Salient terms and conditions
8 October 2019	(1) Teo Xian-Hui Amanda Marie  (2) Acker Machinery (Shanghai) Co., Ltd	Rental for premises at 5th floor, Sapphire Tower No. 267  Tianmu Zhong Road, Shanghai, China	Annual rent of S\$143,000	The demised premises are let out to the Shanghai subsidiary of the Company for the term from 1 October 2019 to 30 September 2022.

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Company nor its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. As at the Latest Practicable Date, save as disclosed below, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

### (a) Claim by Shenzhen Zhaoheng Industrial Co., Ltd

On 28 December 2017, it was announced that the Company and its wholly-owned subsidiary KHPL had, on 26 December 2017, been served with a writ of summons (the “**Writ**”) endorsed with a statement of claim, filed by SZZH in the High Court (HC/S1210/2017) dated 22 December 2017. SZZH had claimed from the Company a sum of approximately S\$335,000 and from KHPL a sum of approximately S\$215,000. The Company and KHPL disputed the claims made by SZZH of which a trial was held on 22 and 23 April 2019.

On 24 September 2019, the High Court released its oral judgment (the “**Judgment**”), allowing SZZH’s claim against the Company and KHPL amounting to approximately S\$0.65 million with interest from the date of the Writ to the date of payment at the rate of 5.33% per annum plus costs of the action which are to be determined.

On 2 October 2019, it was announced that the Company had decided not to appeal against the Judgment to the Court of Appeal of Singapore and the payment of the judgment sum has been made on 30 September 2019.

Please refer to the announcements dated 28 December 2017, 26 September 2019 and 2 October 2019 made by the Company that are available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com) for further details on the above.

(b) CAD Investigations

It was announced on 4 May 2018 that the Company and its subsidiary, KHPL, had received a letter from the CAD to assist with investigations into a potential offence under the SFA pursuant to the provisions of the Criminal Procedure Code (Chapter 68 of Singapore). As at the Latest Practicable Date, the matter is still pending.

A copy of the announcement dated 4 May 2018 made by the Company is available on the website of the SGX-ST at [www2.sgx.com](http://www2.sgx.com).

## 8. FINANCIAL INFORMATION

### 8.1 Consolidated Statements of Comprehensive Income

Certain financial information extracted from the audited consolidated profit and loss statements of the Group for the last three (3) financial years (FY2018, FY2017 and FY2016) and the unaudited consolidated profit and loss statements of the Group for the first half ended 30 June 2019 are summarised below.

The summary set out below should be read together with the annual reports, the audited consolidated profit and loss statements of the Group for the relevant financial periods, the H1 2019 Results Announcement and their respective accompanying notes. The H1 2019 Results Announcement is also set out in Appendix III to this Circular.

<b>Consolidated Income Statement/ Consolidated Statement of Other Comprehensive Income (S\$'000)</b>	<b>Unaudited H1 2019</b>	<b>Audited FY2018</b>	<b>Audited FY2017</b>	<b>Audited FY2016</b>
Revenue	27,305	68,443	72,974	71,441
Other income including interest income	49	94	31	90
Changes in inventories	3,345	(430)	(7,886)	(24,252)
Raw materials and consumables used	(24,690)	(52,990)	(50,344)	(34,165)
Staff costs	(3,356)	(7,585)	(7,409)	(7,694)
Depreciation of property, plant and equipment, and right-of-use assets	(591)	(955)	(879)	(867)
Foreign exchange loss, net	(38)	(983)	(278)	(128)
Impairment loss recognised on trade debtors	(28)	(227)	(89)	(212)
Write-back of/(provision for) slow moving inventories	40	943	886	(4,187)
Impairment loss reversed/(recognised) on amounts due from an associate	–	73	(250)	(400)
Impairment loss reversed/(recognised) on sundry debtors	–	117	(295)	–

<b>Consolidated Income Statement/ Consolidated Statement of Other Comprehensive Income (S\$'000)</b>	<b>Unaudited H1 2019</b>	<b>Audited FY2018</b>	<b>Audited FY2017</b>	<b>Audited FY2016</b>
Impairment loss on other investments	–	–	(57)	–
Gain on change in fair value of investment properties	–	323	408	(73)
Plant and equipment written off, net/ Gain on disposal of plant and equipment	–	(32)	58	–
Gain on sale of investment property	2,533	–	–	–
Gain/(loss) on disposal of a subsidiary	391	–	–	(1,302)
Non-controlling interest share on waiver of intercompany trade debts on disposal of a subsidiary	–	–	–	(147)
Other operating expenses	(1,371)	(3,261)	(2,804)	(3,670)
Finance costs	(526)	(1,031)	(1,053)	(1,321)
Share of results of associates	–	16	10	308
<b>Profit before tax</b>	<b>3,063</b>	<b>2,515</b>	<b>3,023</b>	<b>(6,579)</b>
Income tax (expense)/credit	(76)	(642)	623	(163)
<b>Profit for the year/period</b>	<b>2,987</b>	<b>1,873</b>	<b>3,646</b>	<b>(6,742)</b>
<b>Attributable to:</b>				
Owners of the Company	3,225	1,827	3,394	(6,989)
Non-controlling interests	(238)	46	252	247
	<b>2,987</b>	<b>1,873</b>	<b>3,646</b>	<b>(6,742)</b>
Other comprehensive income, net of tax	241	5,307	649	(20)
<b>Total comprehensive income for the year/period</b>	<b>3,228</b>	<b>7,180</b>	<b>4,295</b>	<b>(6,762)</b>
<b>Attributable to:</b>				
Owners of the Company	3,460	7,131	4,037	(7,042)
Non-controlling interests	(232)	49	258	280
	<b>3,228</b>	<b>7,180</b>	<b>4,295</b>	<b>(6,762)</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (cent)	1.176	0.78	1.45	(2.99)
Dividend per share (cent)	–	–	–	–

## 8.2 Consolidated Statements of Financial Position

The audited consolidated statement of financial position of the Group as at 31 December 2018 and the unaudited consolidated statement of financial position of the Group as at 30 June 2019 are summarised below. The summary set out below should be read together with the annual report of the Group for FY2018, the H1 2019 Results Announcement and their respective accompanying notes. The H1 2019 Results Announcement is also set out in Appendix III to this Circular.

Statement of Financial Position (S\$'000)	Unaudited as at 30 June 2019	Audited as at 31 December 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,785	36,019
Investment in associates	780	780
Investment properties	55,687	57,031
	<b>93,252</b>	<b>93,830</b>
<b>Current assets</b>		
Trade and other receivables	9,227	10,831
Other debtors	91	81
Prepayments	315	302
Inventories	33,619	30,234
Cash and cash equivalents	4,411	4,847
	<b>47,663</b>	<b>46,295</b>
<b>Total assets</b>	<b>140,915</b>	<b>140,125</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Interest bearing loans and borrowings	5,425	12,800
Trade creditors and accruals	11,510	13,313
Other creditors	700	844
Lease liabilities	23	–
Amounts due to related parties	2,384	2,384
Provision for taxation	61	119
	<b>20,103</b>	<b>29,460</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	14,317	18,410
Lease liabilities	3,239	–
Deferred tax liabilities	4,149	4,124
	<b>21,705</b>	<b>22,534</b>

<b>Statement of Financial Position (S\$'000)</b>	<b>Unaudited as at 30 June 2019</b>	<b>Audited as at 31 December 2018</b>
<b>Capital and Reserves</b>		
Equity attributable to owners of the Company	90,480	79,098
Non-controlling interests	8,627	9,033
<b>Total equity</b>	<b>99,107</b>	<b>88,131</b>
<b>Total equity and liabilities</b>	<b>140,915</b>	<b>140,125</b>

### **8.3 Significant Accounting Policies**

A summary of the significant accounting policies of the Group is set out in notes 2 and 3 of the audited consolidated financial statements of the Group for FY2018 and sections 4 and 5 of the H1 2019 Results Announcement. Copies of the above are available for inspection at the registered address of the Company at 5 Changi South Street 3, Singapore 486117 during normal business hours for the period during which the Offer remains open for acceptance. The H1 2019 Results Announcement is also set out in Appendix III to this Circular.

Save as disclosed above and in publicly available information on the Group, there are no significant accounting policies or any matter from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

### **8.4 Changes in Accounting Policies**

Save as disclosed in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

Copies of the annual report of the Group for FY2018 are available on the SGX-ST website at [www2.sgx.com](http://www2.sgx.com) or for inspection at the registered address of the Company at 5 Changi South Street 3, Singapore 486117 during normal office hours for the period during which the Offer remains open for acceptance.

### **8.5 Material Change in Financial Position**

Save as disclosed in publicly available information on the Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the Group since 31 December 2018, being the date of the Group's last published audited consolidated financial statements.

### **8.6 Material Change in Information**

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

## **9. GENERAL**

### **9.1 Costs and Expenses**

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

### **9.2 Consent of W Capital**

W Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in section 9.2 of this Circular, and the IFA Letter set out in Appendix I to this Circular, in the form and context in which they appear in this Circular.

## **10. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered address of the Company at 5 Changi South Street 3, Singapore 486117, during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Group for FY2016, FY2017 and FY2018;
- (c) the H1 2019 Results Announcement;
- (d) the IFA Letter;
- (e) the material contract with Interested Persons as disclosed in paragraph 6 of Appendix II to this Circular; and
- (f) the letter of consent referred to in paragraph 9.2 of Appendix II to this Circular.



## THE H1 2019 RESULTS ANNOUNCEMENT

RAFFLES UNITED HOLDINGS LTD

Co. Reg No. 197302030N

Unaudited Half Year Financial Statement Announcement for the half year ended 30 June 2019

## Part 1 - Information required for announcements of quarterly (Q1, Q2 &amp; Q3), half-year and full year results

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year(i) Consolidated Statement of Profit or Loss

		Group		
		S\$'000		%
		6 months ended 30/06/2019	6 months ended 30/06/2018	Change
Revenue	Note 1	27,305	37,237	(27)
Other income including interest income		49	57	(14)
Changes in inventories	Note 1	3,345	(228)	NM
Raw materials and consumables used	Note 1	(24,690)	(28,984)	(15)
Staff costs	Note 2	(3,356)	(3,735)	(10)
Depreciation of property, plant and equipment, and right-of-use assets	Note 3	(591)	(477)	24
Foreign exchange loss, net	Note 4	(38)	(888)	(96)
Impairment loss recognised on trade debtors	Note 5	(28)	(226)	(88)
Write-back of provision for slow-moving inventories, net	Note 6	40	334	(88)
Impairment loss reversed on amounts due from an associate	Note 7	-	63	NM
Gain on sale of investment property	Note 8	2,533	-	NM
Gain on disposal of a subsidiary	Note 9	391	-	NM
Other operating expenses	Note 10	(1,371)	(1,593)	(14)
Finance costs		(526)	(542)	(3)
<b>Profit before tax</b>		3,063	1,018	201
Income tax expense	Note 11	(76)	(220)	(65)
<b>Profit for the period</b>		2,987	798	274
<b>Profit attributable to:</b>				
Owners of the Company		3,225	710	354
Non-controlling interests		(238)	88	(370)
		2,987	798	274

(ii) Consolidated Statement of Comprehensive Income

		Group		
		S\$'000		%
		6 months ended 30/06/2019	6 months ended 30/06/2018	Change
<b>Profit for the period</b>		2,987	798	274
<b>Other comprehensive income:</b>				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation of land and buildings	Note 12	297	249	19
		297	249	19
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	Note 13	(56)	1,384	(104)
		(56)	1,384	(104)
<b>Other comprehensive income for the period, net of tax</b>		241	1,633	(85)
<b>Total comprehensive income for the period</b>		3,228	2,431	33
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		3,460	2,338	48
Non-controlling interests		(232)	93	(349)
		3,228	2,431	33

NM - Not meaningful

## Notes to the Income Statement

- 1 Group revenue declined by 27% to \$27.3 million in 1H19 from \$37.2 million in 1H18 primarily due to the:
  - cyclical downturn in Original Equipment Manufacturer ("OEM") market in Singapore and Malaysia; and
  - absence of revenue contribution from the electrical operations as the Group's subsidiary, Acee Electric Pte Ltd ("Acee"), was dormant since November 2018 and subsequently disposed in 1H2019.This was partially offset by the:
  - improved OEM market conditions in Indonesia and Vietnam; and
  - increase in revenue contribution from the beauty division.

Revenue from the property segment remained relatively stable during the period.

Group profit margin was relatively stable at 21.8% (1H18: 21.6%) as compared with the prior period.
- 2 Staff costs declined by 10% primarily due to the:
  - cessation of operations of Acee in 2H18; and
  - Group's prudent approach towards headcount management, including natural staff attrition as well as the optimisation of operations.
- 3 The increase in depreciation by 24% reflected the impact of the:
  - upward revaluation of the Group's properties in Singapore in December 2018;
  - addition of property in Singapore for operations use; and
  - adoption of SFRS(I) 16 *Leases* during the period.
- 4 Group foreign exchange loss was mainly due to the strengthening of JPY and USD against SGD currency during the period. The significant drop in foreign exchange loss was mainly due to the realisation of IDR currency translation losses arising from the repayments of quasi-equity loan by its Indonesia subsidiary in the prior period.
- 5 Impairment loss recognised on trade debtors was made upon internal assessment of the Group's outstanding trade receivables.
- 6 The Group recorded net write-back of provision for slow-moving inventories following the sale of certain inventories previously provided for. The provision for slow-moving inventories was adequate as at 30 June 2019.
- 7 The impairment loss reversed on amounts due from an associate in the prior period was made due to repayments received.
- 8 The gain on sale of investment property was registered following the sale of the Group's property in Singapore as part of a collective sale in 1H19. Please refer to the announcements released on 29 January 2019 and 8 March 2019 for further details.
- 9 The gain on disposal of a subsidiary was due to disposal of the entire 70% stake in a subsidiary, Acee, during the financial period.
- 10 Other operating expenses declined by 14% primarily due to the:
  - lower level of business activities during the period;
  - cessation of the operations of Acee in 2H18 and subsequently its full disposal in 1H19; and
  - impact on the adoption of SFRS(I) 16 *Leases* during the period.
- 11 The effective tax rate for the Group was lower than the Singapore tax rate of 17% (2018: 17%) mainly due to certain non-taxable income and unutilised tax losses of the Group.
- 12 The revaluation of land and buildings under property, plant and equipment was attributable to revaluation gain arising from independent valuation performed on the Group's properties in Singapore in June 2019.
- 13 The loss on translation reserve was mainly due to the depreciation of the RMB against the SGD upon consolidation of the Group's overseas subsidiaries during the period.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding year.

**Statements of Financial Position**

		Group		Company	
		30.06.2019 S\$'000	31.12.2018 S\$'000	30.06.2019 S\$'000	31.12.2018 S\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	Note 1	36,785	36,019	30,058	26,876
Investment in subsidiaries	Note 2	-	-	12,579	13,051
Investment in associates		780	780	453	453
Investment properties	Note 3	55,687	57,031	920	4,520
		<b>93,252</b>	<b>93,830</b>	<b>44,010</b>	<b>44,900</b>
<b>Current assets</b>					
Trade debtors	Note 4	9,227	10,831	48	-
Other debtors		91	81	34	27
Prepayments		315	302	19	15
Amounts due from subsidiaries	Note 2	-	-	37,529	30,433
Inventories	Note 5	33,619	30,234	-	-
Cash at banks and on hand		4,411	4,847	35	36
		<b>47,663</b>	<b>46,295</b>	<b>37,665</b>	<b>30,511</b>
<b>Total assets</b>		<b>140,915</b>	<b>140,125</b>	<b>81,675</b>	<b>75,411</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Interest bearing loans and borrowings	Note 6	5,425	12,800	-	8,000
Trade creditors and accruals	Note 7	11,510	13,313	322	577
Other creditors	Note 8	700	844	8	28
Lease liabilities	Note 9	23	-	23	-
Amounts due to related parties		2,384	2,384	-	-
Provision for taxation		61	119	-	-
		<b>20,103</b>	<b>29,460</b>	<b>353</b>	<b>8,605</b>
<b>Net current assets</b>		<b>27,560</b>	<b>16,835</b>	<b>37,312</b>	<b>21,906</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	Note 6	14,317	18,410	-	-
Lease liabilities	Note 9	3,239	-	3,239	-
Deferred tax liabilities		4,149	4,124	3,287	3,229
		<b>21,705</b>	<b>22,534</b>	<b>6,526</b>	<b>3,229</b>
<b>Total liabilities</b>		<b>41,808</b>	<b>51,994</b>	<b>6,879</b>	<b>11,834</b>
<b>Net assets</b>		<b>99,107</b>	<b>88,131</b>	<b>74,796</b>	<b>63,577</b>
<b>Equity attributable to owners of the Company</b>					
Share capital		39,580	31,658	39,580	31,658
Assets revaluation reserve		17,117	16,820	15,686	15,402
Foreign currency translation reserve		(5,207)	(5,145)	-	-
Revenue reserve		38,990	35,765	19,530	16,517
		<b>90,480</b>	<b>79,098</b>	<b>74,796</b>	<b>63,577</b>
Non-controlling interests		8,627	9,033	-	-
<b>Total equity</b>		<b>99,107</b>	<b>88,131</b>	<b>74,796</b>	<b>63,577</b>
<b>Total equity and liabilities</b>		<b>140,915</b>	<b>140,125</b>	<b>81,675</b>	<b>75,411</b>

## Notes to the Statements of Financial Position

- 1 The increase in property, plant and equipment ("PPE") at the Group and Company level was mainly attributable to the adoption of SFRS(I) 16 *Leases* on 1 January 2019 which has resulted in the recognition of a Right-of-use assets, in the capacity as lessees, as part of PPE in the balance sheet.

It was partially offset by the:

- reclassification of a property in Singapore to investment property following the change in use; and
- depreciation charges during the period.

- 2 The decline in investment in subsidiaries was mainly due to the disposal of Acee subsidiary during the period.

The amounts due from subsidiaries at the Company level increased in view of funding provided to certain subsidiaries to support operations during the period.

- 3 The decline in investment properties at the Group and Company level was primarily due to the sale of an investment property in Singapore as part of a collective sale. Please refer to the announcements released on 29 January 2019 and 8 March 2019 for further details.

This was offset by the reclassification of a property in Singapore from PPE to investment property following the change in use.

- 4 The decline in Group trade debtors was primarily due to lower sales for the bearings and seals division and collections received during the period.

- 5 The increase in inventories was mainly due to the stocking up of inventories in Singapore and Malaysia to fulfill certain customers' back orders on the back of lower demand from the OEM market.

- 6 Bank borrowings for both the Group and the Company declined primarily due to net repayments made during the period.

- 7 Group trade creditors and accruals decreased mainly due to repayments made and disposal of Acee subsidiary during the period.

- 8 The decline in other creditors at the Group level was primarily due to lower advances received from customers of the Group.

- 9 Lease liabilities at the Group and the Company level relate to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
875	4,550	1,100	11,700

#### Amount repayable after one year

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14,317	-	18,410	-

#### Details of any collaterals

The Group's borrowings were secured on certain properties of the Group.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding year.

**Consolidated Statement of Cash Flows**

	Group	
	6 months ended 30/06/2019	6 months ended 30/06/2018
	S\$'000	S\$'000
<b>Operating activities</b>		
Profit before tax	3,063	1,018
Adjustments for:		
Depreciation of property, plant and equipment, and right-of-use assets	591	477
Impairment loss recognised on trade debtors	28	226
Write-back of provision for slow moving-inventories, net	(40)	(334)
Impairment loss reversed on amounts due from an associate	-	(63)
Gain on sale of investment property	(2,533)	-
Gain on disposal of a subsidiary	(391)	-
Foreign currency adjustments	94	748
Interest expense	526	542
Interest income	(4)	(1)
<b>Operating cash flows before changes in working capital</b>	1,334	2,613
<b>Changes in working capital</b>		
Decrease/(Increase) in trade debtors	1,597	(3,008)
Decrease in amounts due from an associate	-	71
(Increase)/Decrease in other debtors	(6)	204
(Increase)/Decrease in inventories	(3,299)	597
(Decrease)/Increase in trade creditors and accruals	(1,800)	1,145
Decrease in other creditors	(143)	(43)
<b>Cash flows (used in) / generated from operations</b>	(2,317)	1,579
Income tax paid	(161)	(183)
Interest paid	(526)	(542)
Interest income received	4	1
<b>Net cash flows (used in) / generated from operating activities</b>	(3,000)	855
<b>Investing activities</b>		
Purchase of property, plant and equipment	(12)	(2,322)
Proceeds from sale of investment property	6,133	-
<b>Net cash flows generated from / (used in) investing activities</b>	6,121	(2,322)
<b>Financing activities</b>		
Proceeds from term loans from banks	9,996	17,961
Repayment of term loans from banks	(21,464)	(16,789)
Proceeds from trade financing	426	628
Repayment of trade financing	(426)	(244)
Payment of lease liabilities	(23)	-
Capital injection by non-controlling shareholders of a subsidiary	-	118
Net proceeds on issue of shares	7,922	-
<b>Net cash flows (used in) / generated from financing activities</b>	(3,569)	1,674
<b>Net (decrease)/increase in cash and cash equivalents</b>	(448)	207
<b>Effect of exchange rate changes on cash and cash equivalents</b>	12	88
<b>Cash and cash equivalents at 1 January</b>	4,847	6,128
<b>Cash and cash equivalents at 30 June</b>	4,411	6,423
<b>Cash and cash equivalents comprise of:-</b>		
Cash at banks and on hand	4,411	6,423

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Statements of Changes in Equity**

	<u>Attributable to owners of the Company</u>				<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Share Capital</u>	<u>Assets revaluation reserve</u>	<u>Foreign currency translation reserve</u>	<u>Revenue reserve</u>		
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>		
<b><u>Group</u></b>						
<b>Balance at 1 January 2018</b>	31,658	12,401	(6,030)	33,938	8,869	80,836
Profit for the period	-	-	-	710	88	798
Other comprehensive income for the period	-	249	1,379	-	5	1,633
Total comprehensive income for the period	-	249	1,379	710	93	2,431
<b><u>Contributions by and distributions to owners</u></b>						
Capital injection by non-controlling shareholders of a subsidiary	-	-	-	-	118	118
Total transactions with owners recognized directly in equity	-	-	-	-	118	118
<b>Balance at 30 June 2018</b>	31,658	12,650	(4,651)	34,648	9,080	83,385
<b>Balance at 1 January 2019</b>	31,658	16,820	(5,145)	35,765	9,033	88,131
Profit for the period	-	-	-	3,225	(238)	2,987
Other comprehensive income/(loss) for the period	-	297	(62)	-	6	241
Total comprehensive income/(loss) for the period	-	297	(62)	3,225	(232)	3,228
<b><u>Contributions by and distributions to owners</u></b>						
Disposal of a subsidiary	-	-	-	-	(174)	(174)
Issue of share capital	7,922	-	-	-	-	7,922
Total transactions with owners recognised directly in equity	7,922	-	-	-	(174)	7,748
<b>Balance at 30 June 2019</b>	39,580	17,117	(5,207)	38,990	8,627	99,107
<b><u>Company</u></b>						
<b>Balance at 1 January 2018</b>	31,658	11,180	-	14,672	-	57,510
Profit for the period	-	-	-	837	-	837
Other comprehensive income for the period	-	249	-	-	-	249
Total comprehensive income for the period	-	249	-	837	-	1,086
<b>Balance at 30 June 2018</b>	31,658	11,429	-	15,509	-	58,596
<b>Balance at 1 January 2019</b>	31,658	15,402	-	16,517	-	63,577
Profit for the period	-	-	-	3,013	-	3,013
Other comprehensive income for the period	-	284	-	-	-	284
Total comprehensive income for the period	-	284	-	3,013	-	3,297
<b><u>Contributions by and distributions to owners</u></b>						
Issue of share capital	7,922	-	-	-	-	7,922
Total transactions with owners recognized directly in equity	7,922	-	-	-	-	7,922
<b>Balance at 30 June 2019</b>	39,580	15,686	-	19,530	-	74,796

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in share capital during the financial period

	30.06.2019	31.12.2018
At the beginning of the period	234,060,000	234,060,000
Issuance of new ordinary shares pursuant to:		
- Rights issue exercise	161,043,118	-
At the end of the period	395,103,118	234,060,000

The Company has undertaken a renounceable non-underwritten rights issue (the "Rights Issue") of up to 234,060,000 new ordinary shares in the capital of the company ("Rights Shares") at an issue price of \$0.05 for every rights share on the basis of one (1) rights share for every one (1) existing ordinary share in the capital of the Company ("Shares") held by Entitled Shareholders. On 14 May 2019, the Company announced that pursuant to the Rights Issue, an aggregate of 161,043,118 Rights Shares were allotted and issued by the Company. The number of issued Shares in the Company has increased from 234,060,000 to 395,103,118 Shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares excluding treasury shares as at 30 June 2019 was 395,103,118 (2018: 234,060,000).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company has no treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financials for the current period as compared with the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has been changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s does not result in significant change to the Group's and Company's financials reported for the current or prior years. The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period:-  
Based on existing issued share capital  
On a fully diluted basis

Group	
30.06.2019	30.06.2018
in cents	in cents
1.176	0.303
1.176	0.303

The computation of earnings per share is based on 274,320,780 (2018: 234,060,000) weighted average number of ordinary shares in issue during the period.

7. Net asset value ( for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30.06.2019 in cents	31.12.2018 in cents	30.06.2019 in cents	31.12.2018 in cents
Net asset value per ordinary share based on issued share capital	22.90	33.79	18.93	27.16

The above is computed based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 395,103,118 (2018: 234,060,000) shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group revenue declined by 27% to \$27.3 million in 1H19 from \$37.2 million in 1H18 primarily due to the:

- cyclical downturn in Original Equipment Manufacturer ("OEM") market in Singapore and Malaysia; and
- absence of revenue contribution from the electrical operations as the Group's subsidiary, Acee Electric Pte Ltd ("Acee"), was dormant since November 2018 and subsequently disposed in 1H2019.

This was partially offset by the:

- improved OEM market conditions in Indonesia and Vietnam; and
- increase in revenue contribution from the beauty division.

Revenue from the property segment remained relatively stable during the period.

Group profit margin was relatively stable at 21.8% (1H18: 21.6%) as compared with the prior period.

The Group recorded an increase in profit before taxation ("PBT") of \$2.06 million to \$3.06 million in 1H19 from \$1.0 million in 1H18 primarily due to the:

- \$2.5 million gain on sale of investment property;
- \$0.9 million decrease in foreign exchange loss;
- \$0.4 million gain on disposal of a subsidiary;
- \$0.4 million decrease in staff costs;
- \$0.2 million decrease in other operating expenses;

which was partially offset by:

- \$2.1 million decrease in gross profit primarily due to lower business activities for the bearings and seals division; and
- \$0.3 million decrease in write-back of provision for slow-moving inventories

Please refer to notes to the income statement for further details.

The Group's net cash used in operating activities was approximately \$3.0 million (1H18: \$0.9 million net cash generated), which was mainly due to the increase in purchase of inventories during the period. The Group's net cash used in financing activities of approximately \$3.6 million (1H18: \$1.7 million net cash generated) was due to repayment of bank borrowings during the period.

9. Where a forecast, or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects the business operating environment to remain challenging and uncertain. In this regard, the Group will continue to exercise prudence on its operations to strengthen its balance sheet and working capital position.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on? No

(b) Corresponding period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the Immediately Preceding Financial Year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for Interested Person Transactions from the shareholders.

14. Confirmation by the Board pursuant to Rule 705(5).

The Board of Directors of Raffles United Holdings Ltd (the "Company"), do hereby confirm on behalf of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half year ended 30 June 2019 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Tan Saik Hock  
Chairman

Teo Teng Beng  
Managing Director

14 August 2019

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## EXTRACTS FROM THE CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced below:

*All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the registered address of the Company at 5 Changi South Street 3, Singapore 486117 during normal business hours for the period during which the Offer remains open for acceptance.*

**(a) Rights in respect of Capital**

*“ISSUE OF SHARES*

4. (A) *Subject to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, 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 in accordance with the Act, provided always that:–*
- (a) *any other issue of shares, the aggregate of which would exceed the limit referred to in Article 5(B), shall be subject to the approval of the Company in General Meeting.*
- (b) *no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting.*
- (B) *The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*
- (C) *Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.*
5. *The shares may be divided into several classes, and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.*

- (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting, or except as permitted under the rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).*
- (B) *Notwithstanding Article 5(A), 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 issue shares (whether by way of rights, bonus or otherwise) where:–*
- (a) *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; and*
- (b) *unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *The Company may, notwithstanding Article 5(A) above, authorise the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.*
6. *The Company may pay commissions or brokerage on any issue of shares at such amount or rate and in such manner as the Directors may deem fit. Such commissions 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.*
7. *Where any shares 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 lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.*

8. *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.*
- (A) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed. The total number of issued preference shares shall not exceed the total number of the issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or when the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.*
- (B) *The company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

#### VARIATION OF RIGHTS

9. (A) *Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provision of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.*
- (B) *The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.*
10. *The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

## ALTERATION OF SHARE CAPITAL

11. *The Company may by Ordinary Resolution:–*
- (a) consolidate and divide all or any of its shares;*
  - (b) subject to the provisions of the Statutes, sub-divide its shares, provided always that in such subdivision, the proportion between the amount paid and the amount (if any) unpaid on each sub-divided shares shall be the same as it was in the case of the original share from which it was derived; and the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has the authority to attach to new shares; and/or*
  - (c) subject to the provisions of the Statutes, convert or exchange any class of shares into or for any other class of shares.*
12. (A) *The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.*
- (B) *Without prejudice to the generality of Article 12(A), the Company may, subject to and in accordance with the Statutes, purchase or otherwise acquire its issued share on such terms and in such manner as the Company may from time to time think fit. Any share that 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. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire, and the number of the issued shares of the Company shall be diminished by the number of the share so cancelled, and where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.*

## SHARE CERTIFICATES

13. (A) *Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class. Every member shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2.00 or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the Company may be listed.*
- (B) *The provisions in this Article and in Articles 14 to 17 (so far as they are applicable) shall not apply to transfer of book-entry securities.*
14. (A) *The Company shall not be bound to register more than three persons as the holder of a share except in the case of executors or administrators of the estate of a deceased member.*
- (B) *In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.*

15. *Every person whose name is entered as a member in the Register of Members shall (in the case of a transfer of shares) be entitled, within fifteen market days after the date of lodgement of any transfer, or (subject to the provisions of the Statutes) such longer period of time as may be approved by the stock exchange upon which the shares in the Company may be listed, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.*
16. (A) *Where a member transfers part only of the shares comprised in a certificate or where a member 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 old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the member shall pay (in the case of sub-division) a maximum fee of S\$2.00 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.*  
  
(B) *Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.*
17. *Subject to the provisions of the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the stock exchange upon which the shares in the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and in the case of defacement or wearing out, on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to such replacement certificate, shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

#### CALL ON SHARES

18. *The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be made payable by instalments.*
19. *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. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.*
20. *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 the sum 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 ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.*

21. *Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents 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.*
22. *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.*
23. *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 payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.*

#### *FORFEITURE AND LIEN*

24. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter 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 thereon and any expenses incurred by the Company by reason of such non-payment.*
25. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.*
26. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.*
27. *A share so made forfeit or surrendered shall become 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 disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.*
28. *A member whose shares have been made forfeit or surrendered shall cease to be a member in respect of such 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 presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.*



29. *The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article 29.*
30. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
31. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser.*
32. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit 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 therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and 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.*

#### TRANSFER OF SHARES

33. *All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and each stock exchange upon which the shares in the Company may be listed. An instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
34. *The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to any stock exchange upon which the shares in the Company may be listed, stating the period and purpose or purposes for which such closure is made.*
35. (A) *There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of any stock exchange on which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has 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, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*

- (B) The Directors may decline to register any instrument of transfer unless:—*
- (a) such fee not exceeding S\$2.00 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 place (if any) as the Directors may appoint, accompanied by the certificates of the shares to which the transfer relates, a certificate of payment of stamp duty (if any) 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.*

*36. All instruments of transfer which are registered may be retained by the Company.*

*37. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:—*

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and*
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

## TRANSMISSION OF SHARES

38. *In case of the death of a member, the survivors or survivor 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 person(s) recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
39. *Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents 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 death or member had not occurred and the notice or transfer were a transfer executed by such member.*
40. *Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were he registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right, conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.*
41. *There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 as the Directors may from time to time require or prescribe.*

## CENTRAL DEPOSITORY SYSTEM

42. *A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:—*
  - (a) *a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such-number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any*

*discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;*

- (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment.*
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and*
- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).*

#### *EXCLUSION OF EQUITIES*

- 43. Except as required by the Statutes or 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 these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.*

#### *STOCK*

- 44. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
- 45. 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 previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
- 46. The holders of stock shall, according to the number of stocks 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 participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."*

**(b) Rights in respect of Voting**

*“GENERAL MEETINGS*

47. *An Annual General Meeting shall be held once in every year, at such time (within a period of not more than four (4) month after the close of the financial year of the Company or such other period as prescribed by the Act and the by-laws and listing rules of the Stock Exchange or other legislation applicable to the Company from time to time) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.*
48. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

*NOTICE OF GENERAL MEETINGS*

49. *Subject to any requirements of the Statutes or the listing rules for the giving of notice of resolutions, 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 is required, 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 (exclusive of the day on which the notice is served or deemed to be served but inclusive of the day of the meeting for which the notice is given) in the manner hereinafter mentioned to such persons as are under the provisions of these Articles and the Statutes entitled to receive notice from the Company and at least fourteen days' notice of such meeting shall be given by one advertisement in the daily press circulating in Singapore and in writing to any stock exchange upon which the Company may be listed. 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:*
- (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 percent of the total voting rights of all the members having a right to vote at that Meeting.*

*The accidental omission to give such notice to, or the non-receipt of such notice by, any member shall not invalidate the General Meeting for which the notice was given or any resolution passed or proceedings at any General Meeting.*

50. (A) *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 vote instead of him and that a proxy need not be a member of the Company.*
- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business (“special business”) is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*

51. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–*
- (a) *declaring dividends;*
  - (b) *receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;*
  - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
  - (d) *re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in a General Meeting); and*
  - (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.*
52. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

#### *PROCEEDINGS AT GENERAL MEETINGS*

53. *The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all Directors present decline to take the chair, the members present shall choose one of their number) to be the chairman of the meeting.*
54. *No business other than the appointment of a chairman 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, the quorum at any General Meeting shall be two members present in person or by proxy.*
55. *If within thirty minutes from the time appointed for a 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 such other day, time or place as the Directors may by not less than ten days' notice appoint.*
56. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (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 meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
57. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned business.*

58. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
59. *At any General Meeting a resolution put to the vote of the meeting shall be decided by poll.*
60. *Whenever a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and if so directed 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.*
61. *In the case of an equality of votes on a poll, the chairman of the meeting at which the poll is taken shall be entitled to a casting vote.*
62. *A poll taken on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately.*

#### VOTES OF MEMBERS

63. *Subject and without prejudice to any special rights 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 8, every member entitled to vote may vote in person or by proxy. The chairman of the meeting shall determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.*
64. *In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.*
65. *Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any members on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.*
66. *No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the company in respect of such shares remains unpaid.*

67. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
68. *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.*
69. (A) *A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.*
- (B) *A proxy need not be a member of the Company.*
70. (A) *An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:–*
- (a) *in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and*
- (b) *in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.*
- (B) *The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.*
71. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that any instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*
72. *An instrument appointing a proxy shall be deemed to include the right to speak at the meeting.*
73. *A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*



## CORPORATIONS ACTING BY REPRESENTATIVES

74. *Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorized is present thereat."*

### (c) Rights in respect of Dividends

#### "RESERVES

122. *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 any 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. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions (if any) of the Statutes.*

#### DIVIDENDS

123. *The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*
124. *If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
125. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*
- (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 calls is to be ignored.*

126. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act and in the form of stock dividends, out of the share premium account.*

127. *No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.*
128. (A) *The Directors may retain any dividend or other monies 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.*
- (B) *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 is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
129. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
130. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member 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.*
131. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*
132. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*

133. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*
134. (A) *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 5(B)):*
- (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) 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 5(B)), 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 the profit and loss account or otherwise available for distribution, by appropriating such sum to the persons registered as the 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 Articles 5(B)) 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.*
- (B) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under Article 134(A), 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 authorize any person to enter on behalf of all the members interested into agreement with the Company providing for any such bonus issue or capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned."*

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