

CIRCULAR DATED 24 JUNE 2022

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ZICO CAPITAL PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER (AS DEFINED HEREIN). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the notice regarding the electronic dissemination of this Circular will be despatched to Shareholders.

*This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.*



CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

By

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration No. 200310232R)
(Incorporated in the Republic of Singapore)

for and on behalf of

THC VENTURE PTE. LTD.

(Company Registration No. 202205146H)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company

Independent Financial Adviser to the Recommending Directors



ZICO CAPITAL PTE. LTD.

(Company Registration No. 201613589E)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER (AS DEFINED HEREIN) WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 8 JULY 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

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

“ACA”	:	Asian Corporate Advisors Pte. Ltd.
“Business Day”	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 24 June 2022 issued by the Company to Shareholders in relation to the Offer (including, <i>inter alia</i> , the Appendices to this Circular) and any other document which may be issued by or on behalf of the Company to amend, revise, supplement or update this Circular from time to time
“Closing Date”	:	5.30 p.m. (Singapore time) on 8 July 2022, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act 1967 of Singapore
“Company”	:	T T J Holdings Limited
“Concert Parties”	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Offer
“Constitution”	:	The constitution of the Company
“CPF”	:	The Central Provident Fund of Singapore
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF account savings under the CPFIS
“Despatch Date”	:	10 June 2022, being the date of despatch of the Offer Document
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Encumbrances”	:	All liens, equities, claims, charges, mortgages, pledges, title retention, rights of first refusal, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP

DEFINITIONS

“FY”	:	Financial year ended or ending (as the case may be) 31 July of a particular year as stated
“Group”	:	The Company and its subsidiaries
“HY2022 Unaudited Financial Results”	:	The unaudited condensed interim financial statements of the Group for the 6 months ended 31 January 2022 which was released by the Company on SGXNET on 7 March 2022
“IFA”	:	ZICO Capital Pte. Ltd., the independent financial adviser to the Recommending Directors in relation to the Offer
“IFA Letter”	:	The letter dated 24 June 2022 from the IFA to the Recommending Directors in respect of the Offer, as set out in Appendix I to this Circular
“Independent Auditors”	:	RSM Chio Lim LLP
“Independent Valuers”	:	Has the meaning ascribed to it in Paragraph 8 of Appendix II to this Circular
“Irrevocable Undertaking”	:	The irrevocable undertaking given by Mr Teo Hock Chwee to the Offeror in connection with the Offer, as more particularly set out in Section 4 of this Circular
“Latest Practicable Date”	:	16 June 2022, being the latest practicable date prior to the electronic dissemination of this Circular
“Last Trading Day”	:	12 May 2022, being the last full Market Day on which the Shares were transacted prior to the Offer Announcement Date
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“Malaysia Subject Property”	:	Has the meaning ascribed to it in Paragraph 8 of Appendix II to this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Minimum Acceptance Condition”	:	Shall have the meaning ascribed to it in Section 2.4 of this Circular
“Offer”	:	The voluntary conditional cash offer made by ACA, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and/or revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement in relation to the Offer released by ACA, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	20 May 2022, being the date of the Offer Announcement
“Offer Document”	:	The document dated 10 June 2022 and any other document(s) which may be issued for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	S\$0.23 in cash for each Offer Share

DEFINITIONS

“Offer Shares”	:	All the issued Shares to which the Offer relates, as described in Sections 2.1 (<i>Offer</i>) and 2.2 (<i>Offer Shares</i>) of the Offer Document
“Offeror”	:	THC Venture Pte. Ltd.
“Offeror Securities”	:	(a) Offeror Shares, (b) securities which carry substantially the same rights as any Offeror Shares, and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or such securities in (b)
“Offeror Shares”	:	Ordinary shares in the share capital of the Offeror
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore as shown in the Register or the Depository Register
“Recommending Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, being Ms Chiong Su Been, Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew
“Register”	:	The register of holders of Shares as maintained by the Share Registrar
“RM”	:	Malaysian Ringgit, being the lawful currency of Malaysia
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Securities”	:	(a) securities which carry voting rights in the Company, including but not limited to the Shares, and (b) convertible securities, warrants, options and derivatives in respect of such securities in (a)
“SFA”	:	The Securities and Futures Act 2001 of Singapore
“SGXNET”	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S. Private Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register, and “Shareholder” shall be construed accordingly
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company (excluding any Shares held by the Company in treasury), and each a “Share”
“SIC”	:	The Securities Industry Council of Singapore
“Singapore Subject Properties”	:	Has the meaning ascribed to it in Paragraph 8 of Appendix II to this Circular

DEFINITIONS

“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS
“Subject Properties”	:	Has the meaning ascribed to it in Paragraph 8 of Appendix II to this Circular
“Thailand Subject Property”	:	Has the meaning ascribed to it in Paragraph 8 of Appendix II to this Circular
“THB”	:	Thai Baht, being the lawful currency for Thailand
“Undertaking Shares”	:	294,900,000 Shares held by Mr Teo Hock Chwee as at the Offer Announcement Date, representing approximately 84.4% of the total number of issued Shares (excluding treasury shares), which are the subject of the Irrevocable Undertaking
“Valuation Reports”	:	The summary valuation reports/letters and valuation certificates from the Independent Valuers in respect of the Subject Properties, as set out in Appendix VI to this Circular, and each a “Valuation Report”
“%”	:	Per centum or percentage

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

Associate. The term **“associate”** shall have the meaning ascribed to it in the Listing Manual.

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

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

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

Rounding. Any discrepancies in figures included in this Circular between amounts shown 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.

Sections. Any reference in this Circular to a section is a reference to a section of this Circular, unless otherwise stated.

Shareholders. References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context so determines, to Shareholders (including persons whose/which Offer Shares are deposited with CDP or who/which have purchased Offer Shares on the SGX-ST).

DEFINITIONS

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, the Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual, the Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiaries and related corporations. The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular in italics and all capitalised terms and expressions used within these reproduced statements shall have the same 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 349,500,000 Shares (excluding treasury shares). Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 349,500,000 Shares (excluding treasury shares) in the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the Company holds 500,000 treasury shares.

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”, “shall”, “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 as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and other investors of the Company should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	10 June 2022
Date of despatch of this Circular	:	24 June 2022
Closing Date ⁽¹⁾⁽²⁾	:	5.30 p.m. (Singapore time) on 8 July 2022, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last date and time for the lodgement of acceptances of the Offer.
Date of settlement of consideration for valid acceptances of the Offer	:	(a) In respect of valid acceptances of the Offer which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 7 Business Days of such date; or (b) in respect of valid acceptances of the Offer which are complete in all respects and are received after the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Closing Date, within 7 Business Days of the date of such receipt.

Please see Paragraph 2 of Appendix A to the Offer Document for further details.

Notes:

1. The Offer must initially be open for 28 days from the Despatch Date.
2. 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, finance companies and/or 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, finance companies and/or depository agents in order to accept the Offer.

LETTER TO SHAREHOLDERS

T T J HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199204617M)

Board of Directors:

Mr Teo Hock Chwee (*Executive Chairman*)
Ms Chiong Su Been (*Executive Director and Chief Financial Officer*)
Mr Lim Yian Poh (*Lead Independent Director*)
Mr Ling Chien Yien (*Independent Director*)
Mr Leong Yee Yew (*Independent Director*)

Registered Office:

57 Pioneer Road
Singapore 628508

24 June 2022

To: The Shareholders of T T J Holdings Limited

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER BY ACA, FOR AND ON BEHALF OF THE OFFEROR,
FOR THE OFFER SHARES****1. INTRODUCTION****1.1 Offer Announcement**

On 20 May 2022, ACA announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer for the Offer Shares in accordance with Rule 15 of the Code.

An electronic copy of the Offer Announcement dated 20 May 2022 is available on the SGXNET at <https://www.sgx.com>.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on the Despatch Date, setting out, *inter alia*, the formal offer by ACA, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions set out in the Offer Document.

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the SGXNET at <https://www.sgx.com>.

1.3 Independent Financial Adviser

ZICO Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in relation to the Offer.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors set out in this Circular before deciding whether or not to accept the Offer.

LETTER TO SHAREHOLDERS

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

2. THE OFFER

Based on the information set out in the Offer Document, the Offeror is making the Offer for the Offer Shares subject to the terms and conditions set out in the Offer Document, the FAA and/or the FAT (as the case may be). The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

2.1 Offer Price

Section 2.3 of the Offer Document states that the Offer Price for each Offer Share will be as follows:

“For each Offer Share: S\$0.23 in cash (the “Offer Price”).”

2.2 No Encumbrances

Section 2.4 of the Offer Document states the following:

“No Encumbrances. *The Offer Shares are to be acquired (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and hereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.”*

2.3 Adjustments for Distributions

Section 2.5 of the Offer Document states the following:

“Adjustments for Distributions. *Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the “Offer Settlement Date”) falls:*

- (i) if the Offer Settlement Date falls on or before the Record Date, the Offer Price for each Offer Share shall remain unadjusted, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or*
- (ii) if the Offer Settlement Date falls after the Record Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.”*

2.4 Minimum Acceptance Condition

Section 2.6 of the Offer Document states the following:

“Minimum Acceptance Condition. *The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with any Offer Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the Concert Parties but otherwise than through acceptances of the Offer, will result in the Offeror and the Concert Parties holding more than 90% of the total number of issued Shares (excluding Shares held by the Company in treasury) as at the close of the Offer (the “Minimum Acceptance Condition”).*

LETTER TO SHAREHOLDERS

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the Concert Parties holding such number of Shares carrying not less than 90% of the total voting rights attributable to the total number of issued Shares (excluding Shares held by the Company in treasury).

Pursuant to the Irrevocable Undertaking (as set out in Section 5.1 (Irrevocable Undertaking) of this Offer Document), Mr Teo has undertaken to the Offeror to tender all of his Shares in acceptance of the Offer, being an aggregate of 294,900,000 Shares, representing approximately 84.4% of the total number of issued Shares (excluding Shares held by the Company in treasury).

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.”

2.5 Revision of Terms of the Offer

Section 2.7 of the Offer Document states the following:

“Revision of Terms of the Offer. The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.”

2.6 No Options Proposal

Section 2.8 of the Offer Document states the following:

“No Options Proposal. Based on the latest information available to the Offeror as at the Offer Announcement Date and the Latest Practicable Date, there are no outstanding options to subscribe for new Shares granted under the T T J Employee Share Option Scheme which was renewed by the Shareholders on 28 November 2019 (**“Options”**) as at the Latest Practicable Date. In view of the foregoing, the Offeror will not make an offer to acquire any Options.”

2.7 Warranty

Section 2.9 of the Offer Document states the following:

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

2.8 Duration of the Offer

Paragraph 1 of Appendix A to the Offer Document states the following:

“1.1 First Closing Date. The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 8 July 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

1.2 Subsequent Closing Date(s). If the Offer is extended and:

- (a) the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or

LETTER TO SHAREHOLDERS

(b) *the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.*

1.3 **No Obligation to Extend the Offer.** *The Offeror is not obliged to extend the Offer if the condition of the Offer as set out in Section 2.6 (Minimum Acceptance Condition) of this Offer Document is not fulfilled by the Closing Date.*

1.4 **Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances.** *Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") of not less than 14 days after the day on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.*

*This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing (the "**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:*

- (a) *the Offeror may not give a Shut-Off Notice in a competitive situation; and*
- (b) *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

For these purposes, the SIC would normally regard a "competitive situation" to have arisen if a competing offer for the Company has been announced.

If a declaration that the Offer is unconditional is confirmed in accordance with Paragraph 4.2(a) (Right of Withdrawal of Shareholders) of this Appendix A, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

1.5 **Final Day Rule.** *The Offer (whether revised or not) will not be capable:*

- (a) *of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or*
- (b) *of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,*

*provided that the Offeror may extend the offer beyond such 60-day period with the SIC's prior consent (the "**Final Day Rule**"). The SIC will normally grant such permission if a competing offer has been announced.*

1.6 **Revision.** *The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer."*

2.9 Further details of the Offer

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix A to the Offer Document.

LETTER TO SHAREHOLDERS

2.10 Procedures for acceptance

The procedures for acceptance of the Offer are set out in Appendix B to the Offer Document.

3. INFORMATION ON THE OFFEROR AND THE CONCERT PARTIES

3.1 The following information on the Offeror has been extracted from Section 6 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

*“6.1 **Offeror.** The Offeror is an investment holding company incorporated in Singapore on 15 February 2022. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$100.00, consisting of 100 ordinary shares, which are held solely by Mr Teo. The sole director of the Offeror is Mr Teo.*

6.2 The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer. As at the Latest Practicable Date, the Offeror does not hold any Shares.

6.3 Mr Teo is also the Executive Chairman and controlling Shareholder of the Company. As at the Latest Practicable Date, Mr Teo has direct and deemed interest in an aggregate of 294,900,000 Shares representing approximately 84.4%¹ of the total number of issued Shares (excluding Shares held by the Company in treasury).”

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

3.3 Additionally, the following information relating to the holdings of Shares by the Offeror and the Concert Parties has been extracted from Paragraph 1 of Appendix E to the Offer Document and reproduced below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

“As at the Latest Practicable Date, the Offeror does not hold any Shares.

As at the Latest Practicable Date, based on the latest information available to the Offeror, the details of Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties are set out below.

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
<i>Teo Hock Chwee</i>	<i>294,900,000</i>	<i>84.4</i>	<i>–</i>	<i>–</i>	<i>294,900,000</i>	<i>84.4</i>
<i>Teo Geok Hong (Zhang Yufang)⁽²⁾</i>	<i>386,000</i>	<i>0.1</i>	<i>–</i>	<i>–</i>	<i>386,000</i>	<i>0.1</i>

Notes:

(1) *Figures computed based on the issued and paid-up Share capital comprising 349,500,000 Shares (excluding Shares held by the Company in treasury) in issue as at the Latest Practicable Date and rounded to the nearest one (1) decimal place.*

(2) *Ms Teo Geok Hong (Zhang Yufang) is the daughter of Mr Teo and is presumed to be acting in concert with the Offeror pursuant to the provisions of the Code.”*

¹ *Unless otherwise stated, references in the Offer Document to the total number of issued Shares are based on 349,500,000 Shares in issue (excluding Shares held by the Company in treasury) (based on a search conducted at the ACRA as at the Latest Practicable Date). As at the Latest Practicable Date, the Company holds 500,000 Shares in treasury.*

LETTER TO SHAREHOLDERS

4. **IRREVOCABLE UNDERTAKING**

4.1 The following information on the irrevocable undertaking received by the Offeror to accept the Offer has been extracted from Section 5 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

*“5.1. **Irrevocable Undertaking.** As at the Latest Practicable Date, the Offeror has received an undertaking (the “**Irrevocable Undertaking**”) from Mr Teo (the “**Undertaking Shareholder**”) in respect of 294,900,000 Shares (representing in aggregate approximately 84.4% of the Shares in issue (excluding Shares held by the Company in treasury)), pursuant to which Mr Teo has undertaken to, amongst others, (a) accept the Offer in respect of all Shares held by him (directly or indirectly or through a nominee); and (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire (directly or indirectly or through a nominee), or which may be allocated or issued to him (directly or indirectly or through a nominee), on or after the date of the Irrevocable Undertaking.*

Further, Mr Teo has agreed to waive his right under Rule 30 of the Code to receive cash settlement or payment payable to him as consideration for his Shares tendered in acceptance of the Offer. Mr Teo is also the Executive Chairman and controlling Shareholder of the Company.

*5.2 **Termination of Irrevocable Undertaking.** The Irrevocable Undertaking shall terminate, lapse or cease to have any effect upon the Offer being withdrawn, lapsing or closing for whatever reason other than as a result of a breach of the obligations of Mr Teo under the Irrevocable Undertaking.*

*5.3 **No Other Undertakings.** Save for the Irrevocable Undertaking, as at the Latest Practicable Date, neither the Offeror nor any the Concert Parties has received any undertakings from any other party to accept or reject the Offer.”*

5. **OFFEROR’S RATIONALE FOR THE OFFER**

The full text of the Offeror’s rationale for the Offer has been extracted from Section 8 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document. **Shareholders are advised to read the extract below carefully.**

*“8.1. **Opportunity for Shareholders to realise their investment in the Shares at a premium over the market price prior to the Offer Announcement Date without incurring brokerage costs.** The Offer Price represents a premium of approximately 33.6%, 28.8%, 28.0%, and 29.4% over the volume weighted average price per Share (“**VWAP**”) for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods respectively, up to and including 12 May 2022, being the last full market day on which the Shares were transacted prior to the Offer Announcement Date (the “**Last Trading Day**”)². In addition, the Offer Price represents a premium of approximately 12.2%, 15.0% and 36.1% over the highest traded price of S\$0.205 on the SGX-ST for the Shares for the two (2)-year period prior to the Last Trading Day³, the initial public offering price (“**IPO Price**”) of S\$0.200⁴, and the last traded price of S\$0.169 on the Last Trading Day respectively⁵. Please refer to Section 12 (Financial Aspects of the Offer) of this Offer Document for more details.*

² Based on data extracted from Bloomberg L.P., no Shares were transacted during the period commencing on 13 May 2022 and ending on 19 May 2022 (both dates inclusive).

³ Based on data extracted from Bloomberg L.P.

⁴ Based on the Prospectus.

⁵ Based on data extracted from Bloomberg L.P.

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Notes:

- (1) S\$ figures (other than the Offer Price) are based on data extracted from Bloomberg L.P. and rounded to the nearest three (3) decimal places.
- (2) Premia are rounded to the nearest one (1) decimal place.

As an observation, the Offeror notes that whilst the last traded price for the Shares on the SGX-ST on 2 June 2022 (being the last trading day prior to the Latest Practicable Date) was S\$0.235, the volume traded on 2 June 2022 was only 29,200 Shares, which is only 0.008% of the total number of issued Shares (excluding Shares held by the Company in treasury)⁶.

As of the Latest Practicable Date, the Offer presents an opportunity for Shareholders to realise their investment in the Shares with certainty, at a premium over the market price prior to Offer Announcement Date without incurring brokerage costs, and notwithstanding the low liquidity of the Shares as described in Section 8.5 below. The Undertaking Shareholder, who has, pursuant to the Irrevocable Undertaking undertaken to the Offeror to tender all of his Shares in acceptance of the Offer, has direct and deemed interest in an aggregate of 294,900,000 Shares representing approximately 84.4% of the total number of issued Shares (excluding Shares held by the Company in treasury). Therefore, for as long as the Offer has not been withdrawn, has not lapsed or has not closed, and the Irrevocable Undertaking continues to remain in effect, no other offer for all the Shares in issue (excluding Shares held by the Company in treasury) will be capable of turning unconditional or succeeding. Should the Offer fail to become or be declared unconditional, the Offeror, any person who acted in concert with it in the course of the Offer, or any person who is subsequently acting in concert with any of them, are not permitted under the Code to announce another offer or possible offer for the Company for 12 months from the date on which the Offer lapses, save with the consent of the SIC.

8.2 Challenging and uncertain macro and operating environment. As stated in the Company's Condensed Interim Financial Statements For the Six Months ended 31 January 2022, labour shortages are likely to persist in the short term and output of the construction sector is expected to remain below pre-pandemic levels throughout 2022⁷. While the construction sector should gradually normalise as Singapore cautiously opens its economy and borders, the real output of the construction industry is not expected to exceed pre-

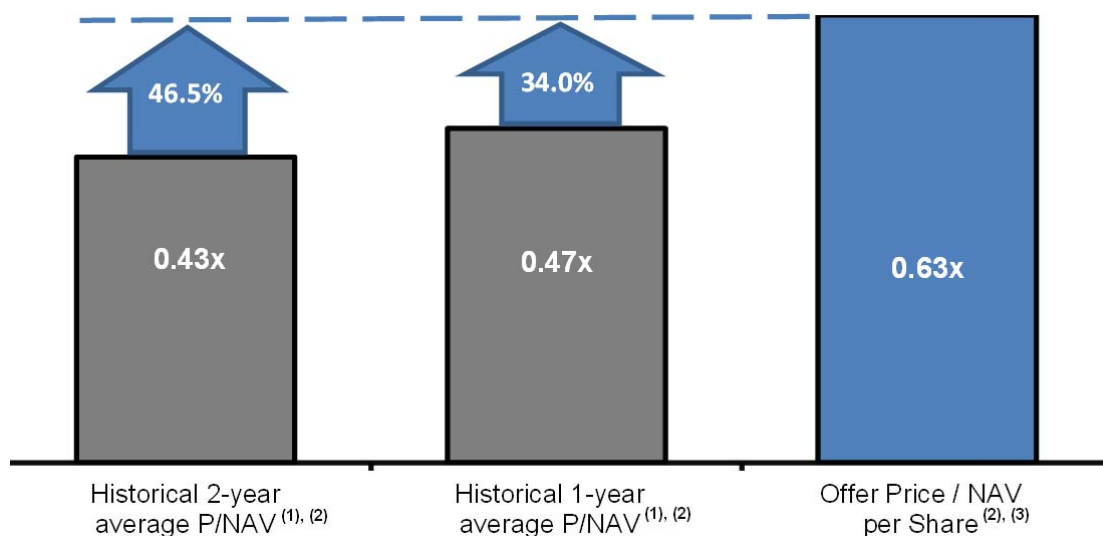
⁶ Based on data extracted from Bloomberg L.P.

⁷ The Company's Condensed Interim Financial Statements For the Six Months ended 31 January 2022, at Page 29, which references the press release dated 17 February 2022 titled "MTI Maintains 2022 GDP Growth Forecast at '3.0 to 5.0 Per Cent'" by the Ministry of Trade and Industry Singapore.

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pandemic levels in the near term⁸. Constraints on foreign labour and headwinds such as global inflationary pressures and rising material costs weigh down on the outlook for the immediate term. The domestic construction sector is expected to face higher material costs in 2022, including higher steel prices⁹, largely from persistent supply chain bottlenecks, alongside rising energy prices due to geopolitical tensions, which have exacerbated global inflationary pressures^{10, 11}. Whilst prices of metals were initially expected to ease in 2022, with the Russia-Ukraine war shocking markets and disrupting the supply of raw materials and finished products, prices have increased instead¹². Subject to the Offer turning unconditional, the Offeror is of the view that the Offer represents an attractive opportunity for Shareholders to exit their investment with greater certainty in an uncertain economic environment taking into account the illiquid nature of the Shares as described in Section 8.5 below.

- 8.3 **The P/NAV ratio calculated based on the Offer Price is approximately 0.63 times, representing a substantial premium over the Company's historical average daily P/NAV ratios prior to the Offer Announcement Date.** The P/NAV ratio calculated based on the Offer Price of approximately 0.63 times (based on the Group's NAV attributable to owners of the parent as at 31 January 2022¹³) represents a substantial premium of approximately 34.0% and 46.5% over the historical one (1)-year and two (2)-year average daily P/NAV ratios of approximately 0.47 times and 0.43 times respectively. In addition, the P/NAV ratio calculated based on the Offer Price of approximately 0.63 times is higher than any of the daily P/NAV ratios for the two (2)-year period prior and up to the Last Trading Day.



Notes:

(1) The P/NAV ratios shown above are rounded to the nearest two (2) decimal places.

(2) The stated historical 1-year and 2-year average P/NAV ratios are derived from computing the daily P/NAV ratio up to and including the Last Trading Day (rounded to the nearest two (2) decimal places) and reflects the market capitalisation of the Shares at the end of each trading day (based on the number of issued Shares (excluding Shares held by the Company in treasury) and the closing prices for the Shares which are extracted from Bloomberg L.P.), divided by the Group's NAV attributable to owners of the parent for the last reported financial period (being quarterly or half-yearly periods as the case may be based on data extracted from the Company's announcements) and, where applicable, adjusted with the dividend payment for relevant period.

(3) The P/NAV ratio calculated based on the Offer Price is based on the Group's NAV attributable to owners of the parent as at 31 January 2022, which was announced on 7 March 2022.

8 Business Times article dated 28 April 2022 titled "Prices of core construction materials in Singapore to remain high in next few quarters".

9 Engineering News-Record article dated 28 March 2022 titled "2022 1Q Cost Report: Challenges Persist as Construction Starts Grow".

10 Press release dated 17 February 2022 titled "MTI Maintains 2022 GDP Growth Forecast at '3.0 to 5.0 Per Cent'" by the Ministry of Trade and Industry Singapore.

11 Business Times article dated 14 February 2022 titled "High material prices to remain a drag on Singapore construction this year: report".

12 Business Times article dated 28 April 2022 titled "Prices of core construction materials in Singapore to remain high in the next few quarters".

13 Based on data extracted from the Company's Condensed Interim Financial Statements For the Six Months ended 31 January 2022, which was announced on 7 March 2022. For the avoidance of doubt, the above P/NAV ratio calculated based on the Offer Price had not accounted for the completion of the Disposal as it had been completed on 29 March 2022, being subsequent to the six months ended 31 January 2022.

LETTER TO SHAREHOLDERS

8.4 **The PER calculated based on the Offer Price is approximately 29.1 times, which is higher than the daily PERs for the period of two (2) years prior and up to the Last Trading Day.** The PER multiple calculated based on the Offer Price are:

- (i) approximately 29.1 times based on the ratio of the market capitalisation of the Company (calculated based on the Offer Price) and the Group's net profit after tax attributable to owners of the parent for the last 12 months ended 31 January 2022 of approximately S\$2.76 million¹⁴;
- (ii) approximately 23.8 times based on the ratio of the market capitalisation of the Company (calculated based on the Offer Price) and the Group's net profit after tax attributable to owners of the parent for the financial year ended 31 July 2021 of approximately S\$3.38 million¹⁵;
- (iii) not relevant or applicable for the financial year ended 31 July 2020 as the Group was loss-making¹⁶; and
- (iv) approximately 21.2 times based on the ratio of the market capitalisation of the Company (calculated based on the Offer Price) and the Group's net profit after tax attributable to owners of the parent for the financial year ended 31 July 2019 of approximately S\$3.79 million¹⁷.

The above PER calculated based on the Offer Price of approximately 29.1 times (see Section 8.4(i) above) exceeds and is substantially higher as compared to the PER as at the IPO Date of approximately 3.6 times¹⁸ and the daily PER multiples¹⁹ for the two (2)-year period prior and up to the Last Trading Day.

8.5 **Low trading liquidity.** The Offeror is of the view that the Offer provides Shareholders with an opportunity to realise their entire investment in the Shares, which may not otherwise be readily available to Shareholders, with certainty given the low trading liquidity of the Shares. The average daily trading volume of the Shares for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods up to and including the Last Trading Day are set out as follows:

14 The relevant Group's net profit after tax attributable to owners of the parent for the last twelve months ended 31 January 2022 is based on the announced financial statements or annual report of the Group, as the case may be, for the six (6)-month ended 31 January 2022, full year ended 31 July 2021 and 6-month ended 31 January 2021 as announced on the SGXNET.

15 The relevant Group's net profit after tax attributable to owners of the parent is based on the announced financial statements or annual report of the Group, as the case may be, for the full year ended 31 July 2021 as announced on the SGXNET.

16 The relevant Group's net profit after tax attributable to owners of the parent is based on the announced financial statements or annual report of the Group, as the case may be, for the full year ended 31 July 2020 as announced on the SGXNET.

17 The relevant Group's net profit after tax attributable to owners of the parent is based on the announced financial statements or annual report of the Group, as the case may be, for the full year ended 31 July 2019 as announced on the SGXNET.

18 PER as at the IPO is obtained from the Prospectus.

19 The historical 1-year and 2-year daily PER multiples are derived from computing the daily PER multiples up to and including the Last Trading Day (rounded to the nearest two decimals) and is derived using the market capitalisation of the Shares at the end of each trading day (based on the number of issued Shares (excluding Shares held by the Company in treasury) and the closing prices for the Shares which are extracted from Bloomberg L.P.), the Group's net profit after tax attributable to owners of the parent for the last twelve months or on a full year basis, as the case may be, based on data extracted from the Company's announcements on the SGXNET for the relevant periods.

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Description	Average daily trading volume	Average daily trading volume as a percentage (%) of total number of issued Shares^{(1) (2)}	Average daily trading volume as a percentage (%) of total number of Shares held by Shareholders other than the Offeror, the Concert Parties and the Undertaking Shareholder^{(1) (2)}
(a) 1-month period up to and including the Last Trading Day	3,226	0.001	0.006
(b) 3-month period up to and including the Last Trading Day	30,236	0.009	0.056
(c) 6-month period up to and including the Last Trading Day	23,581	0.007	0.043
(d) 12-month period up to and including the Last Trading Day	15,941	0.005	0.029

Source: Bloomberg L.P.

Notes:

(1) Percentages are rounded to the nearest three (3) decimal places.

(2) All Shares above exclude Shares held by the Company in treasury.

- 8.6 **Greater management flexibility.** If the Offeror receives sufficient valid acceptances, the Offeror intends to exercise its rights of compulsory acquisition and subsequently delist the Company from the SGX-ST, as further set out in Section 10 (Compulsory Acquisition) of this Offer Document. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Group and facilitating the implementation of any strategic initiatives and/or operational changes of the Group to achieve greater efficiency and competitiveness.
- 8.7 **Compliance costs relating to listing status and no necessity for access to capital markets.** The Offeror is of the view that in maintaining the Company's listed status, the Company incurs additional compliance and associated costs. If the Company is delisted, the Company will be able to dispense with costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance. Further, the Company has not carried out any exercise to raise equity capital on the SGX-ST since its listing on 1 April 2010. Based on public information available as at the Latest Practicable Date, the Offeror is of the view that the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future. Accordingly, unless otherwise announced by the Company, the Offeror is of the view that it is not necessary for the Company to maintain a listing on the SGX-ST.

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- 8.8 **Total return of 99.0% for Shareholders who invested since IPO.** *Since the entry of the Company on the Official List of the SGX-ST on 1 April 2010, the Company has paid out dividends for each financial year totalling approximately S\$0.168 per Share in aggregate²⁰ (or approximately 84.0% of the IPO Price).*

Notwithstanding the regular dividends paid, the Offeror notes that trading activities of the Shares (as illustrated in Section 8.5 above) is low in terms of both the average daily trading volume as a percentage (%) of total number of issued Shares (excluding Shares held by the Company in treasury), and average daily trading volume as a percentage (%) of total number of issued Shares (excluding Shares held by the Company in treasury) held by Shareholders other than the Offeror, the Concert Parties and the Undertaking Shareholder.

As an illustration, a Shareholder who has bought 1,000 Shares during the IPO for S\$200 (based on the IPO Price) and retained his shareholding until the Latest Practicable Date would have received dividend payments of approximately S\$168, and if he accepts the Offer, he would receive another S\$230 without incurring brokerage costs. The same Shareholder would have made an annualized average return on investment of approximately 8.1% per annum or a total return of approximately 99.0% over the period commencing from the IPO Date to the Latest Practicable Date. However, based on the last traded price for the Shares as at the Last Trading Day and in the absence of the Offer, the Offeror notes that the same Shareholder would have made a lower annualized average return on investment of approximately 5.6% per annum or a total return of approximately 68.5% over the period commencing from the IPO Date and ending on the Last Trading Day.

The Offeror is of the view that the Offer represents an attractive opportunity for Shareholders to exit their investment. Based on the illustration above, if the same Shareholder accepts the Offer, he would have realised a return on investment (in terms of total return and annualised average return) higher than the return on investment in the STI-ETF, which commands an annualized average return on investment of approximately 4.2% per annum or a total return of approximately 51.0% over the same period commencing from 1 April 2010 to the Latest Practicable Date²¹.

6. **OFFEROR'S INTENTIONS FOR THE COMPANY**

The full text of the Offeror's intentions for the Company has been extracted from Section 9 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document. **Shareholders are advised to read the extract below carefully.**

"The Offeror is making the Offer with a view to delist the Company from the SGX-ST, and if and when entitled, exercise its right of compulsory acquisition to make the Company its wholly-owned subsidiary. Details on the right of compulsory acquisition are set out in Section 10 (Compulsory Acquisition) of this Offer Document.

The Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options.

20 *The Company's SGXNET Corporate Actions page*
(<https://www.sgx.com/securities/corporate-actions?value=TTJ%20HOLDINGS%20LIMITED>).

21 *Based on data extracted from Bloomberg L.P. and the STI-ETF's SGXNET Corporate Actions page*
(<https://www.sgx.com/securities/corporate-actions?value=STI%20ETF>).

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Save as set out above, and other than in the ordinary or usual course of business and/or in response to the changing market conditions, the Offeror currently has no plans to (a) introduce any major changes to the existing business of the Group; (b) re-deploy the fixed assets of the Group; or (c) discontinue the employment of any of the existing employees of the Group. However, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options in relation to the Group, which may present themselves, and which the Offeror may regard to be in the best interests of the Offeror and/or the Group.”

7. **COMPULSORY ACQUISITION**

The full text of the Offeror’s intentions relating to compulsory acquisition pursuant to Section 215(1) of the Companies Act has been extracted from Section 10 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

*“10.1 **Compulsory Acquisition Rights.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) 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, for the avoidance of doubt, Shares held by the Company in treasury) as at the close of the Offer, the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at a price equal to the Offer Price.*

In such 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.

*10.2 **Dissenting Shareholders’ Rights.** Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, or otherwise acquires, Shares during the period when the Offer is open for acceptance such that the number of Shares which, together with Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding Shares held by the Company in treasury). Dissenting Shareholders, who wish to exercise such rights, are advised to seek their own independent legal advice.”*

8. **LISTING STATUS**

The full text of the Offeror’s intentions relating to the listing status of the Company has been extracted from Section 11 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

*“11.1 Pursuant to 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 the Concert Parties to above 90% of the total number of issued Shares (excluding Shares held by the Company 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 Shares held by the Company in treasury) are held by at least 500 Shareholders who are members of the public (the “**Free Float Requirement**”). 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 Shares held by the Company in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held by the Company 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.*

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11.2 *In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding Shares held by the Company in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, 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 total number of issued Shares (excluding Shares held by the Company in treasury) held in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

11.3 ***Offeror's Intentions. The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.***

The Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act to acquire all the Offer Shares not acquired by the Offeror pursuant to the Offer. The Offeror will then proceed to delist the Company pursuant to Rule 1308(1)(b) of the Listing Manual.

Rules 1307 and 1309 of the Listing Manual, which set out the requirements that apply to a voluntary delisting, do not apply to a delisting pursuant to an offer under the Code provided that the Offeror is exercising its right of compulsory acquisition pursuant to Rule 1308(1)(b) of the Listing Manual."

9. **FINANCIAL ASPECTS OF THE OFFER**

The full text of the Offeror's intentions relating to the listing status of the Company has been extracted from Section 12 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

LETTER TO SHAREHOLDERS

“The Offer Price of S\$0.23 represents the following premia over certain historical market prices of the Shares up to and including the Last Trading Day as set out below:

Description	Benchmark Price⁽¹⁾ (S\$)	Premium of Offer Price over Benchmark Price⁽²⁾ (%)
(a) <i>Last traded price of the Shares on the SGX-ST on the Last Trading Day</i>	0.169	36.1
(b) <i>VWAP of the Shares traded on the SGX-ST for the one (1)-month period up to and including the Last Trading Day</i>	0.172	33.6
(c) <i>VWAP of the Shares traded on the SGX-ST for the three (3)-month period up to and including the Last Trading Day</i>	0.179	28.8
(d) <i>VWAP of the Shares traded on the SGX-ST for the six (6)-month period up to and including the Last Trading Day</i>	0.180	28.0
(e) <i>VWAP of the Shares traded on the SGX-ST for the 12-month period up to and including the Last Trading Day</i>	0.178	29.4
(f) <i>Highest traded price of the Shares on the SGX-ST for the two (2)-year period prior to the Last Trading Day</i>	0.205	12.2

Source: Bloomberg L.P.

Notes:

(1) *The historical market prices of the Shares (rounded to the nearest three (3) decimal places) and the corresponding premia are computed based on data extracted from Bloomberg L.P.*

(2) *Percentages are rounded to the nearest one (1) decimal place.”*

10. **CONFIRMATION OF FINANCIAL RESOURCES**

The full text of the confirmation of financial resources of the Offeror has been extracted from Section 14 of the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

“ACA, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by holders of the Offer Shares on the basis of the Offer Price (excluding the waived amount as set out in Section 5.1 (Irrevocable Undertaking) of this Offer Document).”

LETTER TO SHAREHOLDERS

11. **DIRECTORS' INTERESTS**

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

12. **ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER**

12.1 **General**

Shareholders should read and carefully consider the advice of the IFA to the Recommending Directors on the Offer, as set out in the IFA Letter, and the recommendation of the Recommending Directors before deciding whether to accept or reject the Offer. The IFA Letter is set out in Appendix I to this Circular.

12.2 **Independence of Directors and Exemption(s) relating to Directors' Recommendation**

Save as set out in Section 3 of this Circular (as extracted from Section 6 of the Offer Document) in respect of Mr Teo Hock Chwee, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any of the Offeror Securities.

The Offeror has furnished the Company with correspondence from SIC dated 18 May 2022 which sets out, *inter alia*, SIC's ruling that Mr Teo Hock Chwee is exempted from the requirement to make a recommendation to the Shareholders on the Offer. Notwithstanding such exemption, Mr Teo Hock Chwee must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

As at the Latest Practicable Date, Ms Chiong Su Been, Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew are regarded as independent for the purposes of making a recommendation to the Shareholders on the Offer.

12.3 **Advice of the IFA to the Recommending Directors**

ZICO Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject the Offer. The full text of the IFA Letter is set out in Appendix I to this Circular.

The IFA's advice to the Recommending Directors in respect of the Offer, as extracted from Paragraph 9 of the IFA Letter, is set out in italics below and should be read in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meaning as defined in the IFA Letter

"OUR OPINION

In arriving at our opinion in relation to the Offer, we have considered the views and representations made by the Directors and Management, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Offer. We have carefully considered factors which we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

In determining the fairness of the Offer, we have considered, inter alia, the following factors:

- (i) The Offer Price represents a discount of 37.5%, 38.2%, 50.1% to the unaudited NAV, ANAV and RANAV per Share as at 31 January 2022, respectively.*
- (ii) The Offer Price is below the historical trailing NAV per Share in the Reference Period.*

LETTER TO SHAREHOLDERS

- (iii) *The Shares had consistently traded at a discount to the historical trailing NAV per Share from 26 September 2017.*
- (iv) *The EV/EBITDA ratio of the Group of 4.71 times, as implied by the Offer Price, is below the range of the EV/EBITDA ratios of the Comparable Companies while the P/NAV, P/ANAV and P/RANAV ratios of the Group are within the range of the relevant ratios of the Comparable Companies.*

However, we wish to highlight that all the Comparable Companies were in a net loss position for the trailing 12-month period based on their latest announced annual reports or financial announcements. In contrast, the Group was profitable in FY2021. Furthermore, we also noted that the Comparable Companies were financially geared (gearing ratios ranging from 0.17 time to 2.05 times). The Group had no financial borrowings as at the Latest Practicable Date.

We further note that the current ratio of the Group as at 31 January 2022 was 5.5 times, which was higher than the range of current ratios of the Comparable Companies.

- (v) *The P/NAV, P/ANAV and P/RANAV of the Group of 0.63 time, 0.62 time and 0.50 time respectively, as implied by the Offer Price, are within the range of the relevant ratios for the Precedent Privatisation Transactions, but below the average and median.*
- (vi) *The Offer Price is below the estimated range of values of the Shares set out in paragraph 8.6 of this IFA Letter.*

In determining the reasonableness of the Offer, we have considered, inter alia, the following factors:

- (i) *The Shares (a) mainly traded above the Offer Price from 1 August 2017 to 25 September 2019; and (b) consistently traded below the Offer Price from the commencement of the Circuit Breaker Period to the Last Trading Day. We further note that the daily closing prices of the Shares have generally trended downwards from 1 August 2017 to 7 April 2020, and such downward trend has reversed since 8 April 2020 to the Last Trading Day.*

The market price of the Shares after the Offer Announcement Date may have been supported by the Offer Price. There is, however, no certainty that the upward trend in Share price will continue.

- (ii) *The Offer Price represents a discount of approximately 10.9% over the VWAP of the Shares from 1 August 2017 to the Last Trading Day before the Offer Announcement Date. The Offer Price represents premiums of approximately 15.4%, 33.8%, 40.8%, 29.4%, 28.0%, 28.8% and 33.6% over the VWAPs of the Shares for the 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day before the Offer Announcement Date, respectively. The Offer Price represents a premium of approximately 36.1% over the VWAP of the Shares on the Last Trading Day. The Offer Price represents a discount of approximately 0.01% over the VWAP of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date.*

The Shares were not actively traded in the relevant periods from 1 August 2017, last 4-year, last 3-year, last 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date. The average daily trading volume of the Shares for the period from 1 August 2017, 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date were in the range of 0.0062% to 0.0581% of the free float of the Shares respectively. As at 12 May 2022, being the Last Trading Day prior to the Offer Announcement Date, the average daily trading volume of the Shares represent 0.0385% of the free float of the Shares.

LETTER TO SHAREHOLDERS

The average daily traded volume of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date represents approximately 0.2442% of the Company's free float, and the traded volume of the Shares on the Latest Practicable Date represents approximately 0.1923% of the Company's free float. The aforementioned average daily traded volume of Shares appeared to be supported by the Offer.

- (iii) We note that Mr Teo has been holding approximately 84.4% of the total share capital of the Company since 28 September 2015 when he acquired additional shareholding interests of approximately 15.7% from TH Investments Pte Ltd and another unnamed party. As a result, Mr Teo accumulated a significant interest in the Company to the extent that the Company is less than 6 percentage points from crossing the 10% free float threshold as required under Rule 723 of the Listing Manual. The reduction in free float may have had an effect on the Share price performance and trading liquidity of the Shares.*
- (iv) The Offer Price represents a premium of 28.8%, 28.0% and 29.4% over the 3-month, 6-month and 12-month VWAPs of the Shares prior to the Last Trading Day respectively, and these are within the range of relevant statistics of the Precedent Privatisation Transactions but lower than the average and median. The Offer Price represents a premium of 33.6% over the 1-month VWAP of the Shares prior to the Last Trading Day, which is within the range of relevant statistics of the Precedent Privatisation Transactions. The Offer Price represents a premium of 36.1% over the last transacted price of the Shares on the Last Trading Day, which is within the range of relevant statistics and close to the average of the Precedent Privatisation Transactions.*
- (v) The Group is in net cash position and reports sound working capital position during the Reference Period with a relatively robust current ratio of 5.5 times as at 31 January 2022. It has no bank and other borrowings as at the Latest Practicable Date.*

The Group's core steel structure business, has continued to remain operationally viable, and financially sound even during the COVID-19 pandemic which saw a mandatory suspension of construction sites during the Circuit Breaker period in Singapore from 7 April 2020 to 1 June 2020. The Group's revenue in FY2020 and FY2021 had remained relatively consistent, compared with its performance in FY2019. The Group consistently recorded profit after tax attributable to owners of the Company from FY2018 to FY2021, 1H2021 and 1H2022, save for in FY2020 which was primarily due to the allowance for impairment or write-off on property, plant and equipment. Based on the Company's press release on 11 March 2022, the Group's order book amounted to approximately S\$187 million, a level which is fairly comparable with the level prior to the pandemic. The Group is expecting the construction industry in Singapore to continue to normalise as Singapore gradually opens its economy and its borders.

- (vi) Net cash/Share as at 31 January 2022 represented 26.7% of the Offer Price. Following the completion of the Disposal in 29 March 2022, such net cash/Share component is expected to constitute approximately 43.2% of the Offer Price. The ex-net cash Offer Price (adjusted for Adjusted Net Cash Per Share of S\$0.10 per Share) of S\$0.13 represents a discount of 63.9% to the ex-net cash RANAV per Share of S\$0.36.*
- (vii) Notwithstanding that the Company does not have a fixed dividend policy, the Company has a consistent track record of paying dividends to its Shareholders for the period from FY2018 to FY2021, albeit in varying amounts.*
- (viii) There is no publicly available evidence of any alternative offer for the Offer Shares or the Company from any third party as at the Latest Practicable Date. Further, Mr Teo who holds 294,900,000 Shares (representing approximately 84.4% of the Shares in issue, excluding Shares held by the Company in treasury) has provided an irrevocable undertaking to accept the Offer, and therefore it is highly unlikely that there will be any competing offer from a third party.*

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- (ix) *As at the Latest Practicable Date, the Offeror and its Concert Parties already have effective statutory control over the Company, with an aggregate shareholding of 84.5% of the total issued share capital.*

In the event that the Offeror and its concert parties own or control more than 90% of the Shares in issue pursuant to the Offer, and the Company is no longer able to comply with the Free Float Requirement and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. In addition, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST. As an illustration on the acquisition cost for all Shares not held by the Offeror and Mr Teo as at the Latest Practicable Date, the acquisition cost by the Offeror would amount to approximately S\$12.6 million. Such amount is significantly lower than the net cash of S\$34.8 million (including net cash proceeds pursuant to the Disposal as discussed under paragraph 8.2.2 of this IFA Letter) which would represent 43.2% of the Offer Price, on a net cash per Share basis.

- (x) *The Offer will provide an exit option for Shareholders who wish to realise their investments in the Shares but face difficulties to do so due to the low trading activity.*
- (xi) *Other rationale for the Offer as provided by the Offeror as set out in paragraph 8.8.9 in this IFA Letter.*
- (xii) *We note that there is no indication that the Offer is a final offer from the Offeror.*

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Offer are on balance, not fair and not reasonable. Accordingly, we advise the Recommending Directors to recommend Shareholders to **REJECT** the Offer.

In arriving at our opinion, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. 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 objectives or portfolio should consult his/her legal, financial, tax or other professional adviser immediately.

We wish to emphasise that the Directors have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, inter alia, relied on the relevant statements contained in the Offer Document, Circular, confirmations, advice and representations by the Directors, the Management and/or their professional advisers (where applicable), and the Company's announcements in relation to the Offer. In addition, Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Offer, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Offer vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future."

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12.4 Recommendation of the Recommending Directors

The Recommending Directors, having carefully considered the terms of the Offer and the advice given by the IFA to the Recommending Directors as set out in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **REJECT** the Offer.

Shareholders should note that there is no assurance that the price of the Shares will remain at current levels after the lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully. Shareholders are also advised to read the IFA Letter set out in Appendix I to this Circular carefully and to consider the IFA Letter and the recommendations of the Recommending Directors in their entirety before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA to the Recommending Directors may only be relied upon by the Recommending Directors and the recommendations of the Recommending Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Further, in rendering the above recommendation, the Recommending Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

13.1 Shareholders who wish to accept the Offer

Shareholders who wish to accept the Offer should refer to Appendix B to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. (Singapore time) on the Closing Date or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror.

13.2 Shareholders who do not wish to accept the Offer

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

14. OVERSEAS JURISDICTIONS AND SHAREHOLDERS

Overseas Shareholders should refer to Section 16 of the Offer Document, which is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used in the Offer Document.

*“16.1. **Overseas Jurisdictions** This Offer Document, the Notification, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document, the Notification, the Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.*

LETTER TO SHAREHOLDERS

The release, publication or distribution of this Offer Document, the Notification, the Acceptance Forms and/or any related documents in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

- 16.2 **Overseas Shareholders.** *The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (collectively, the “**Overseas Shareholders**” and each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located, and caution should be exercised in relation to the Offer, as this Offer Document, the Notification, the Acceptance Forms and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. **For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and the relevant Acceptance Forms may not be sent.***

It is the responsibility of Overseas Shareholders who wish to: (a) request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents; and/or (b) accept the Offer to satisfy themselves as to the full observances of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, ACA, CDP, the Registrar and/or any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, ACA, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (a) requesting for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents; and/or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and ACA that he is in full observance and compliance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

LETTER TO SHAREHOLDERS

16.3 Copies of the Offer Document and the relevant Acceptance Forms. *Where there are any potential restrictions on sending this Offer Document, the Notification and/or the relevant Acceptance Forms to any overseas jurisdiction, the Offeror, ACA, CDP and the Receiving Agent each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions.*

*Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document, the Acceptance Forms and/or any related documents from the website of the SGX-ST at <https://www.sgx.com>. To obtain an electronic copy of this Offer Document, please select the section "Securities", select "Company Information" and then "Company Announcements" from the dropdown menu list and type the name of the Company: "**T T J Holdings Limited**" in the box titled "Filter by Company/Security Name". "**T T J Holdings Limited**" will appear as a drop-down item below the filter box.*

*Thereafter, please select the announcement dated 10 June 2022 titled "**Voluntary Conditional Cash Offer – Electronic Dissemination of Offer Document**". This Offer Document, the Acceptance Forms and its related documents can be accessed by clicking on the link under the section titled "Attachments" at the bottom of the announcement.*

Overseas Shareholders may, also nonetheless, obtain copies of the Notification, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, (a) CDP (if he is a depositor) by submitting a request to CDP where applicable via telephone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com); or (b) the Share Registrar (if he is a scripholder), at its office located at 77 Robinson Road #06-03 Robinson 77, Singapore 068896.

Alternatively, an Overseas Shareholder may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at the address listed above, to request for the Notification, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at such Overseas Shareholder's own risk. Electronic copies of this Offer Document, the Notification, and the Acceptance Forms are also available on the website of the SGX-ST at <https://www.sgx.com> and on the website of the Company at <http://www.ttj.com.sg>.

16.4 Notice. *The Offeror and ACA each reserves the right to notify any matter, including the fact that the Offer has been made or any revision to the Offer, to any or all of the Shareholders (including Overseas Shareholders) by announcement on the website of the Company at <http://www.ttj.com.sg> and the website of the SGX-ST at <https://www.sgx.com> or by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been made and communicated to all Shareholders, notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement."*

15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should refer to Section 17 of the Offer Document, which is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those used 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 (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

LETTER TO SHAREHOLDERS

CPFIS Investors and SRS Investors, who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be), which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer through their appropriate intermediaries will receive the payment for the Offer Price in respect of their Offer Shares validly tendered in acceptance of the Offer, in their respective CPF investment accounts and SRS investment accounts (as the case may be)."

16. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

In line with the news release and joint statements issued by the SGX-ST and the Monetary Authority of Singapore ("**MAS**"), the SIC and the Singapore Exchange Regulation, as the case may be, on 6 May 2020, 29 September 2020 and 29 June 2021 announcing that the MAS, the SIC and the Singapore Exchange Regulation have introduced temporary measures to allow listed issuer and parties involved in take-over or merger transactions the option to electronically disseminate their take-over documents through publication on SGXNET and their corporate websites, thereby dispensing with the need to despatch hardcopy documents related to such take-over or merger transactions, no printed copies of this Circular will be despatched to the Shareholders.

Instead, this Circular has been disseminated electronically to the Shareholders through publication on the websites of the SGX-ST and the Company. In connection with the electronic dissemination of this Circular, the hardcopy notification with instructions on how to access and retrieve this Circular electronically will be despatched by ordinary post to the Shareholders.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular), confirm they have taken all reasonable care and have made all reasonable enquiries to ensure that the facts stated and all opinions expressed in this Circular (other than the information in the Offer Document, the IFA Letter, the Valuation Reports and any information relating to or opinions expressed by the Offeror, the Independent Valuers and the IFA) 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. The Directors jointly and severally accept responsibility accordingly.

Where any information in this Circular has been extracted or reproduced from published or publicly available sources or obtained from a named source (including without limitation, information extracted from 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.

In respect of the IFA Letter and Valuation Reports, 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.

The recommendation of the Recommending Directors to the Shareholders set out in Section 12.4 of this Circular is the sole responsibility of the Recommending Directors.

LETTER TO SHAREHOLDERS

18. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
TT J HOLDINGS LIMITED

Mr Lim Yian Poh
Lead Independent Director
24 June 2022

APPENDIX I - LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

24 June 2022

T T J Holdings Limited

57 Pioneer Road
Singapore 628508

To : The Directors of T T J Holdings Limited (the “**Company**”) who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer (as defined herein):

Ms Chiong Su Been	Executive Director and Chief Financial Officer
Mr Lim Yian Poh	Lead Independent Director
Mr Ling Chien Yien	Independent Director
Mr Leong Yee Yew	Independent Director

(collectively, the “**Recommending Directors**”)

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY ASIAN CORPORATE ADVISORS PTE. LTD., FOR AND ON BEHALF OF THC VENTURE PTE. LTD. (THE “OFFEROR”), FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (EXCLUDING ANY SHARES HELD BY THE COMPANY IN TREASURY)

*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders of the Company dated 24 June 2022 (the “**Circular**”). For the purposes of this letter, the Latest Practicable Date is 16 June 2022 as defined in the Circular.*

1. INTRODUCTION

On 20 May 2022 (the “**Offer Announcement Date**”), Asian Corporate Advisors Pte. Ltd. (“**ACA**”) announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the Shares in issue (excluding Shares held by the Company in treasury) (the “**Offer Shares**”) in the capital of the Company as at the date of the Offer in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”) at the Offer Price.

Pursuant to Rule 1309(2) of the Listing Manual, the Company has appointed ZICO Capital Pte. Ltd. (“**ZICO Capital**”) as the independent financial adviser (the “**IFA**”) to advise the Recommending Directors, for the purpose of making a recommendation to the shareholders of the Company (“**Shareholders**”) in respect of the Offer.

This IFA letter is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and opinion on whether the financial terms of the Offer are fair and reasonable, and our recommendations thereon. This letter forms part of the Circular to be despatched to Shareholders in relation to the Offer, which provides, *inter alia*, the details of the Offer as well as the recommendations of the Recommending Directors in respect of the Offer.

APPENDIX I - LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

2. TERMS OF REFERENCE

ZICO Capital has been appointed as IFA to opine on whether the financial terms of the Offer are fair and reasonable, and to provide our recommendations thereon.

We were not involved in or responsible for, any aspect of the negotiations pertaining to the Offer, nor were we involved in the deliberations leading up to the Offer. We were not required, instructed or authorised, to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer. It is also not within our terms of reference to compare the relative merits of the Offer *vis-à-vis* any alternative transactions previously considered by the Directors or transactions that the Directors may consider in the future. Such comparison and consideration shall remain the responsibility of the Directors. We do not, by this IFA Letter, warrant the merits of the Offer other than to express an opinion on whether the financial terms of the Offer are fair and reasonable, and to provide our recommendations thereon.

We have confined our evaluation and analysis of the Offer strictly and solely to the financial terms of the Offer. Our terms of reference do not require us to evaluate or comment on the rationale for, as well as the legal, strategic, commercial and financial risks and/or merits (if any) of the Offer, or on the future financial performance or prospects of the Company and its subsidiaries (the “**Group**”). Accordingly, we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Company (the “**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and recommendation as set out in this IFA Letter.

It is also not within the scope of our appointment to express any view herein as to the prices at which the Shares may trade or on the future performance of the Company and/or the Group upon the completion or expiry of the Offer. We have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any views on the growth prospects, earnings potential, future financial performance, or future financial position of the Company or the Group arising from the Offer or otherwise (including without limitation any implication or uncertainty arising from the COVID-19 pandemic). No financial or profit forecasts, business plans or management accounts of the Company and/or the Group have been specifically prepared for the purpose of evaluating the Offer, save for those that were provided by the Company for the purposes of arriving at the Adjusted NAV (“**ANAV**”) and Revalued ANAV (“**RANAV**”) of the Group.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the Directors, the Management and/or their professional advisers (where applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us as well as information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, the Management and/or their professional advisers (where applicable). Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any warranty or representation, expressed or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Offer have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgement on the reasonable use of such

APPENDIX I - LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated detailed supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are true, complete and accurate in all material aspects. The Directors and Management have confirmed to us that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Offer and the Group, and the Directors and the Management are not aware of any facts, the omission of which would cause any statement in the Circular in respect of the Group and the Offer to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, the property, plant and equipment, as well as machineries and equipment) of the Group. The Company has commissioned independent valuers to value certain of its properties, plant and equipment, and we have been furnished with independent valuation reports, summary letters and/or certificates by Knight Frank Pte Ltd, Knight Frank Chartered (Thailand) Company Limited and PA International Property Consultants Sdn Bhd (collectively, the “**Independent Valuers**”) (the “**Valuation Reports**”). The Valuation Reports are set out in Appendix VI to the Circular.

We are not experts in the evaluation and appraisal of assets and have placed sole reliance thereon for the valuation and/or information contained in the Valuation Reports. We are not involved and assume no responsibility for the Valuation Reports. In particular, we do not assume any responsibility to enquire about the basis of the valuation and appraisal as contained in the Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements. We have also not made any independent verification of the matters or bases set out in the Valuation Reports.

Our opinion and recommendation set out in this IFA Letter are based on market, economic, industry, monetary and other conditions (if applicable) prevailing, as well as information and representations provided to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our opinion and recommendation in light of any subsequent developments after the Latest Practicable Date that may affect our opinion and/or our recommendation contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer, which may be released after the Latest Practicable Date.

In rendering our advice and providing our opinion and recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As different Shareholders would have different investment profiles and objectives, we would advise the Recommending Directors to recommend that any individual Shareholder or group of Shareholders who may require specific advice in the context of his or their investment objective(s) or portfolio(s) consult his or their legal, financial, tax or other professional advisers immediately.

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 have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter and the extract of our opinion and recommendation in the Circular).

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We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer, but any recommendations made by the Recommending Directors in respect of the Offer shall remain their sole responsibility.

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

Our opinion and recommendation 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 Offeror is making an offer to acquire all the Offer Shares in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in the offer document dated 10 June 2022 (the “**Offer Document**”), the FAA and/or the FAT (as the case may be). The principal terms of the Offer are set out in Section 2 of, and Appendix A to the Offer Document. We recommend that Shareholders read the terms and conditions of the Offer contained therein carefully.

The key terms of the Offer are set out below for your reference.

3.1 Offer Price

The consideration for each Offer Share is as follows:

For each Offer Share: S\$0.23 in cash (the “ Offer Price ”)
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3.2 No Encumbrances

The Offer Shares are to be acquired (i) fully paid; (ii) free from all encumbrances; and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, return of capital and other distributions announced, declared, paid or made by the Company in respect of the Shares (“**Distributions**”) (if any), the Record Date for which falls on or after the Offer Announcement Date.

“**Record Date**” means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such Distributions.

3.3 Adjustment for Distributions

The Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the “**Offer Settlement Date**”) falls:

- (i) if the Offer Settlement Date falls on or before the Record Date, the Offer Price for each Offer Share shall remain unadjusted, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or
- (ii) if the Offer Settlement Date falls after the Record Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in

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respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

3.4 Minimum Acceptance Condition

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with any Offer Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the Concert Parties but otherwise than through acceptances of the Offer, will result in the Offeror and the Concert Parties holding more than 90% of the total number of issued Shares (excluding Shares held by the Company in treasury) as at the close of the Offer (the “**Minimum Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the Concert Parties holding such number of Shares carrying not less than 90% of the total voting rights attributable to the total number of issued Shares (excluding Shares held by the Company in treasury).

Directors’ Intentions as at the Latest Practicable Date

Pursuant to the Irrevocable Undertaking, Mr Teo Hock Chwee (“**Mr Teo**”) has undertaken to the Offeror to tender all of his Shares in acceptance of the Offer, being an aggregate of 294,900,000 Shares, representing approximately 84.4% of the total number of issued Shares (excluding Shares held by the Company in treasury).

Ms Chiong Su Been has informed the Company that she intends to accept the Offer in respect of all the Shares held by her and will be tendering her acceptance of the Offer in respect of all the Shares held by her.

Save for Mr Teo and Ms Chiong Su Been, none of the Directors has any direct or deemed interest in the Shares.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

3.5 Revision of Terms of the Offer

The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.

3.6 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date on 10 June 2022, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 8 July 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

3.7 Further Details of the Offer

Further details of the Offer are set out in Appendix A to the Offer Document.

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4. IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Offeror had received an undertaking (the “**Irrevocable Undertaking**”) from Mr Teo (the “**Undertaking Shareholder**”) in respect of 294,900,000 Shares (representing in aggregate approximately 84.4% of the Shares in issue (excluding Shares held by the Company in treasury)), pursuant to which Mr Teo had undertaken to, amongst others, (a) accept the Offer in respect of all Shares held by him (directly or indirectly or through a nominee); and (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire (directly or indirectly or through a nominee), or which may be allocated or issued to him (directly or indirectly or through a nominee), on or after the date of the Irrevocable Undertaking.

Further, Mr Teo had agreed to waive his right under Rule 30 of the Code to receive cash settlement or payment payable to him as consideration for his Shares tendered in acceptance of the Offer. Mr Teo is also the Executive Chairman and Controlling Shareholder of the Company.

4.1 Termination of Irrevocable Undertaking

The Irrevocable Undertaking shall terminate, lapse or cease to have any effect upon the Offer being withdrawn, lapsing or closing for whatever reason other than as a result of a breach of the obligations of Mr Teo under the Irrevocable Undertaking.

4.2 No Other Undertakings

Save for the Irrevocable Undertaking, as at the Latest Practicable Date, neither the Offeror nor any of the Concert Parties has received any undertakings from any other party to accept or reject the Offer.

5. INFORMATION ON THE OFFEROR AND THE CONCERT PARTIES

The Offeror is an investment holding company incorporated in Singapore on 15 February 2022. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$100.00, consisting of 100 ordinary shares, which are held solely by Mr Teo. The sole director of the Offeror is Mr Teo.

The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer. As at the Latest Practicable Date, the Offeror does not hold any Shares.

Mr Teo is also the Executive Chairman and Controlling Shareholder of the Company. As at the Latest Practicable Date, Mr Teo has direct and deemed interest in an aggregate of 294,900,000 Shares representing approximately 84.4% of the total number of issued Shares (excluding Shares held by the Company in treasury).

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As at the Latest Practicable Date, based on the latest information available to the Offeror, the details of Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties are set out below.

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Teo Hock Chwee	294,900,000	84.4	-	-	294,900,000	84.4
Teo Geok Hong (Zhang Yufang) ⁽²⁾	386,000	0.1	-	-	386,000	0.1

Notes:

- (1) Figures computed based on the issued and paid-up Share capital comprising 349,500,000 Shares (excluding Shares held by the Company in treasury) in issue as at the Latest Practicable Date and rounded to the nearest one (1) decimal place.
- (2) Ms Teo Geok Hong (Zhang Yufang) is the daughter of Mr Teo and is presumed to be acting in concert with the Offeror pursuant to the provisions of the Code.

Please refer to Appendix C to the Offer Document for additional information on the Offeror.

6. INFORMATION ON THE COMPANY

Based on publicly available information, the Company is a company incorporated in Singapore on 28 August 1992, and was listed on the Main Board of the SGX-ST on 1 April 2010. The Group is engaged in the business as structural steel specialists and in waste management and treatment.

As at the Latest Practicable Date, based on publicly available information, the Company has an issued and paid-up share capital of S\$24,000,000 comprising 349,500,000 Shares (excluding Shares held by the Company in treasury). As at the Latest Practicable Date, the Company holds 500,000 Shares in treasury. There are no outstanding instruments convertible into, rights to subscribe for, and options or derivatives in respect of, securities which carry voting rights in the Company.

As at the Latest Practicable Date, the directors of the Company are Mr Teo (Executive Chairman), Ms Chiong Su Been (Executive Director and Chief Financial Officer), Mr Lim Yian Poh (Lead Independent Director), Mr Ling Chien Yien (Independent Director) and Mr Leong Yee Yew (Independent Director).

Please refer to Appendix D to the Offer Document for additional information on the Company.

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7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

7.1 Rationale for the Offer

Please refer to Section 8 of the Offer Document for the full text of the rationale, as articulated by the Offeror. A summary is set out below.

- (a) Opportunity for Shareholders to realise their investment in the Shares at a premium over the market price prior to the Offer Announcement Date without incurring brokerage costs;
- (b) Challenging and uncertain macro and operating environment;
- (c) The P/NAV ratio calculated based on the Offer Price is approximately 0.63 time, representing a substantial premium over the Company's historical average daily P/NAV ratios prior to the Offer Announcement Date;
- (d) The PER calculated on the Offer Price is approximately 29.1 times, which is higher than the daily PERs for the period of two (2) years prior and up to the Last Trading Day;
- (e) Low trading liquidity;
- (f) Greater management flexibility;
- (g) Compliance costs relating to listing status and no necessity for access to capital markets; and
- (h) Total return of 99.0% for Shareholders who invested since IPO.

7.2 Offeror's Intentions for the Company

The Offeror is making the Offer with a view to delist the Company from the SGX-ST, and if and when entitled, exercise its right of compulsory acquisition to make the Company its wholly-owned subsidiary. The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. Please refer to Section 10 (Compulsory Acquisition) and Section 11 of the Offer Document for details on the right of compulsory acquisition and listing status requirement.

The Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options.

Save as set out above, and other than in the ordinary or usual course of business and/or in response to the changing market conditions, the Offeror currently has no plans to (a) introduce any major changes to the existing business of the Group; (b) re-deploy the fixed assets of the Group; or (c) discontinue the employment of any of the existing employees of the Group. However, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options in relation to the Group, which may present themselves, and which the Offeror may regard to be in the best interests of the Offeror and/or the Group.

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8. EVALUATION OF THE FINANCIAL TERMS OF THE OFFER

In our evaluation of the financial terms of the Offer, we have given due consideration to, *inter alia*, the following key factors:

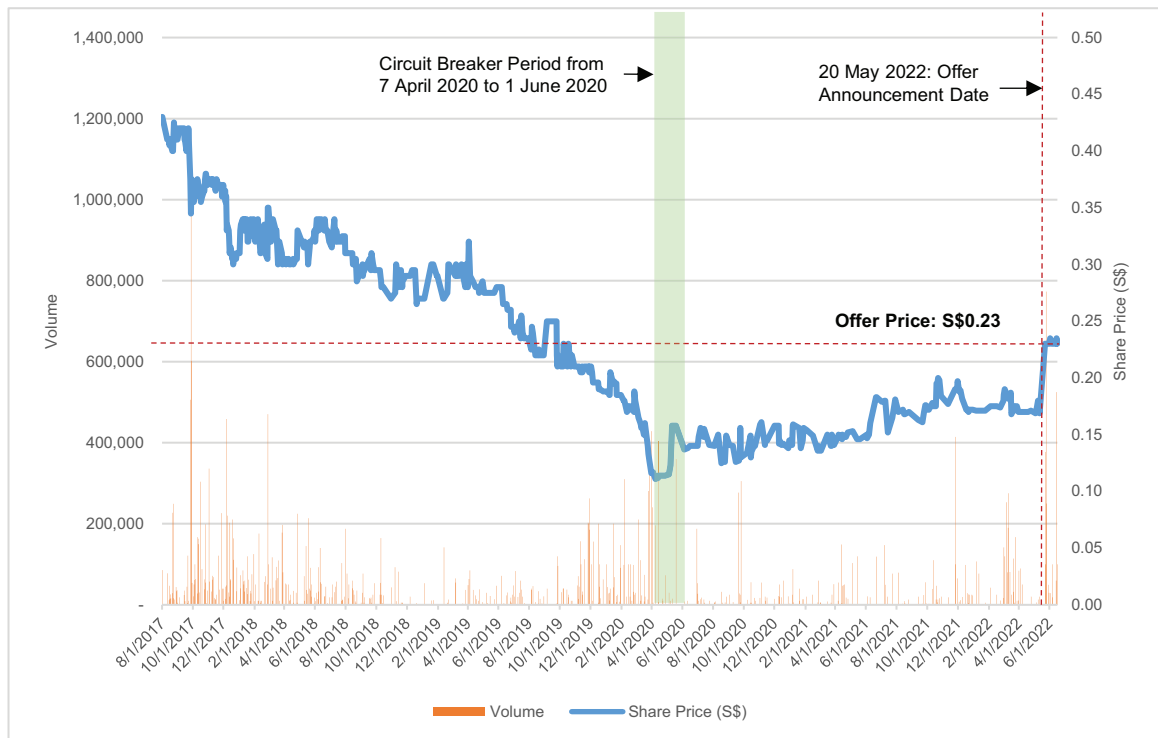
- (i) Historical Share price performance and trading liquidity of the Shares;
- (ii) Historical financial performance and position of the Group;
- (iii) The Group's Net Asset Value ("**NAV**"), Adjusted NAV ("**ANAV**") and Revalued ANAV ("**RANAV**");
- (iv) Comparison of valuation statistics of the Company against selected listed comparable companies;
- (v) Comparison with recent successful privatisation transactions of companies listed on the SGX-ST;
- (vi) Estimated range of values of the Shares;
- (vii) Dividend track record of the Company; and
- (viii) Other relevant considerations.

8.1 Historical Share Price Performance and Trading Liquidity of the Shares

Having considered the impact of the COVID-19 pandemic on the global economy since early 2020 and the circuit breaker period in Singapore which first commenced on 7 April 2020 ("**Circuit Breaker Period**"), which would have had an effect on the historical Share price performance and trading liquidity of the Shares, we set out below a chart showing the daily closing prices and trading volume of the Shares for the period from 1 August 2017 (being the beginning of the financial year ended 31 July 2018 or "**FY2018**", and approximately two years prior to the commencement of the Circuit Breaker Period) to 12 May 2022 (being the last trading day where Shares were traded on SGX-ST immediately preceding the trading halt prior to the Offer Announcement Date on 20 May 2022, or "**Last Trading Day**"), and up to the Latest Practicable Date.

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Daily closing prices and trading volume of the Shares from 1 August 2017 to the Latest Practicable Date (the “Reference Period”)



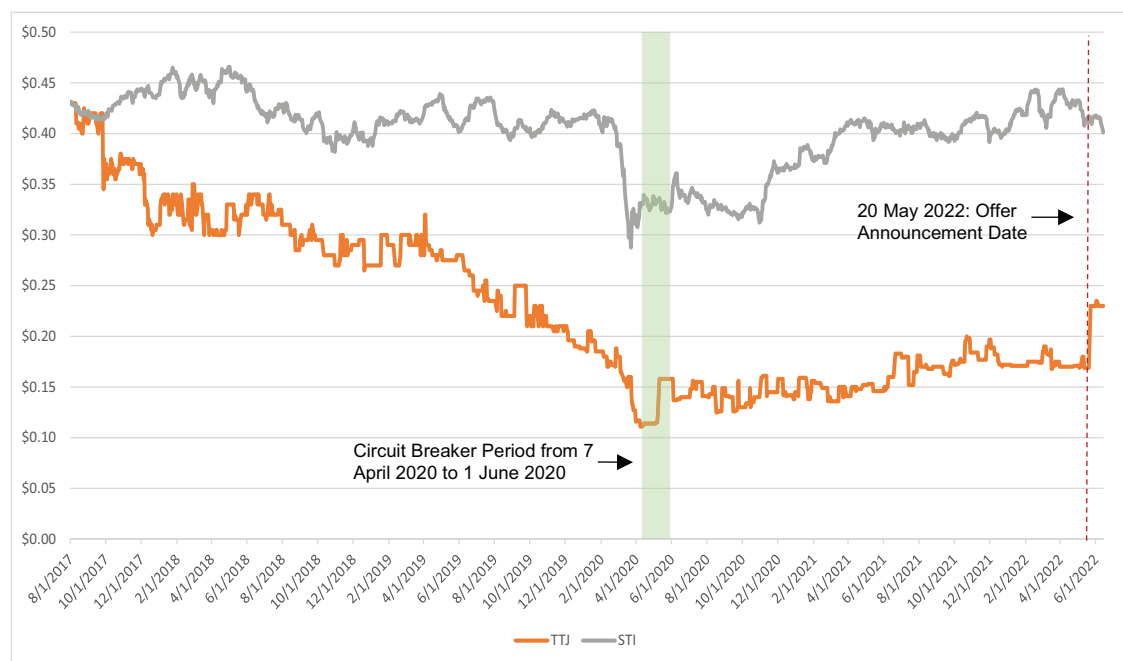
Source: Bloomberg L.P.

From the chart above, we note the following:

- (a) From **1 August 2017 to the Last Trading Day** before the Offer Announcement Date, the daily closing prices of the Shares were at a range of S\$0.111 to S\$0.430. The Offer Price represents a premium of 107.2% to the low of S\$0.111 and a discount of 46.5% to the high of S\$0.430;
- (b) From 7 April 2020 (being the commencement of the **Circuit Breaker Period**) to the Last Trading Day before the Offer Announcement Date, the daily closing prices of the Shares were at a range of S\$0.111 to S\$0.200. The Offer Price represents a premium of 107.2% to the low of S\$0.111, and 15.0% to the high of S\$0.200;
- (c) The Shares (i) mainly traded above the Offer Price from 1 August 2017 to 25 September 2019; and (ii) consistently traded below the Offer Price from the commencement of the Circuit Breaker Period to the Last Trading Day. We further note that the daily closing prices of the Shares have generally trended downwards from 1 August 2017 to 7 April 2020, and such downward trend has reversed since 8 April 2020 to the Last Trading Day;
- (d) Share price closed at S\$0.169 on the Last Trading Day; and
- (e) From 23 May 2022 (the first trading day after the Offer Announcement Date) to the Latest Practicable Date, the daily closing prices of the Shares were in a range of S\$0.230 to S\$0.235, which is close to and above the Offer Price. The market price of the Shares after the Offer Announcement Date appeared to be supported by the Offer Price.

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In addition, to assess the market price performance of the Shares *vis-à-vis* the general price performance of the Singapore equity market, we have compared the movement of the prices of the Shares against the FTSE Straits Times Index (“**FSSTI**”) from 1 August 2017 up to the Last Trading Day prior to the Offer Announcement Date, and up to the Latest Practicable Date, as illustrated below. The FSSTI has been rebased to the closing price of the Company as at the beginning of the Reference Period (being S\$0.430). The market price performance of the Shares relative to the rebased FSSTI for the Reference Period is illustrated below. We note that the Shares have generally underperformed the FSSTI since August 2017:



Source: Bloomberg L.P.

In addition, we have set out below additional information on the volume-weighted average price (“**VWAP**”), trading liquidity, and other trading statistics of the Shares for the Reference Period:

Reference Period	Highest Traded Price (S\$)	Lowest Traded Price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Offer Price over VWAP (%)	No. of traded days ⁽²⁾	Average daily trading volume ⁽³⁾	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to and including the Last Trading Day prior to the Offer Announcement Date</u>							
From 1 August 2017 to the Last Trading Day	0.430	0.111	0.258	(10.9)	526	24,888	0.0479
Last 4 years	0.345	0.111	0.199	15.4	391	18,170	0.0349
Last 3 years	0.280	0.111	0.172	33.8	281	19,227	0.0370
Last 2 years	0.205	0.126	0.163	40.8	160	13,526	0.0260
Last 12 months	0.205	0.146	0.178	29.4	82	15,941	0.0307
Last 6 months	0.198	0.168	0.180	28.0	46	23,581	0.0453
Last 3 months	0.190	0.168	0.179	28.8	27	30,236	0.0581

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Last 1 month	0.180	0.169	0.172	33.6	6	3,226	0.0062
As at 12 May 2022, being the Last Trading Day	0.169	0.169	0.169	36.1	1	20,000	0.0385

After the Offer Announcement Date and up to the Latest Practicable Date

23 May 2022, being the first traded day after the Offer Announcement Date up to the Latest Practicable Date	0.235	0.230	0.230	(0.0) ⁽⁵⁾	12	127,005	0.2442
Latest Practicable Date	0.230	0.230	0.230	-	1	10,000	0.1923

Source: Bloomberg L.P.

Notes:

- (1) The VWAP for the respective periods are calculated based on the VWAP turnover divided by the VWAP volume, as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods.
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the relevant periods.
- (3) The average daily trading volume of the Shares was computed based on the total volume of the Shares traded on SGX-ST during the relevant periods, divided by the number of days when the SGX-ST was open for trading during the relevant periods.
- (4) Free float refers to the Shares other than those held by the Directors, Substantial Shareholders and their respective associates (as defined in the Listing Manual). For the purpose of computing the average daily trading volume as a percentage of free float, we have used a free float of 51,999,000 Shares or 14.9% of the issued Shares of the Company as at the Offer Announcement Date ("Free Float"). The figures herein this IFA Letter differ slightly from the figures in Section 8.5 of the Offer Document which did not take into account the 1,115,000 Shares held by a director of the Company (Ms Chiong Su Been), and the 1,110,000 Shares held by the CEO of the Company (Mr Elavarasu Somasundaram).
- (5) Offer Price was at a discount of 0.01% to the VWAP for the period from 23 May 2022, being the first traded day after the Offer Announcement Date, to the Latest Practicable Date.

From the table above, we note the following:

- (a) the Offer Price represents a discount of approximately 10.9% over the VWAP of the Shares from 1 August 2017 to the Last Trading Day before the Offer Announcement Date;
- (b) the Offer Price represents premiums of approximately 15.4%, 33.8%, 40.8%, 29.4%, 28.0%, 28.8% and 33.6% over the respective VWAPs of the Shares for the 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day before the Offer Announcement Date;
- (c) the Offer Price represents a premium of approximately 36.1% over the VWAP of the Shares on the Last Trading Day;
- (d) the Offer Price represents a discount of approximately 0.01% over the VWAP of the Shares for the period from 23 May 2022, being the first traded day after the Offer Announcement Date, to the Latest Practicable Date;

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- (e) the Shares were not actively traded in the relevant periods from 1 August 2017, 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date. The average daily trading volume of the Shares for the period from 1 August 2017, 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date were in the range of 0.0062% to 0.0581% of the Free Float respectively;
- (f) as at 12 May 2022, being the Last Trading Day prior to the Offer Announcement Date, the average daily trading volume of the Shares represent 0.0385% of the Free Float Shares; and
- (g) the average daily traded volume of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date represents approximately 0.2442% of the Free Float, and the traded volume of the Shares on the Latest Practicable Date represents approximately 0.1923% of the Company's free float. The aforementioned average daily traded volume of Shares appeared to be supported by the Offer.

We noted the following significant share purchases by Mr Teo since the IPO Date on 1 April 2010:

- (i) open market purchase of 400,000 Shares at a consideration of S\$0.34 per Share on 28 April 2015; and
- (ii) off-market purchases of an aggregate of 60,000,000 Shares comprising (a) 54,723,000 Shares from TH Investments Pte Ltd (wholly-owned by Tat Hong Investments Pte Ltd at a consideration of S\$0.345 per Share), and (b) 5,277,000 Shares from an unnamed seller at a consideration of S\$0.345 per Share, on 28 September 2015.

The aforesaid share purchases resulted in Mr Teo's aggregate shareholding interests (direct and indirect) in the Company being increased from 234,500,000 (representing 67.0% of the shareholding interest in the Company as at the IPO Date on 1 April 2010) to 294,900,000 Shares (representing 84.4% of the shareholding interests in the Company as at the Latest Practicable Date).

As a result, Mr Teo accumulated a significant interest in the Company to the extent that the Company is less than 6 percentage points from crossing the 10% free float threshold as required under Rule 723 of the Listing Manual. The reduction in the Free Float may have had a bearing on the subsequent Share price performance and trading liquidity of the Shares.

We wish to highlight that the above analysis on the historical trading performance of the Shares serves only as an illustrative guide. **There is no assurance that the market price and trading volume of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the close or lapse of the Offer, as the case may be.** Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

8.2 Historical Financial Performance and Position of the Group

A summary of the consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of the Group for FY2018, and the financial years ended 31 July 2019 ("FY2019"), 31 July 2020 ("FY2020") and 31 July 2021 ("FY2021"), and the six-month periods ended 31 January 2021 ("1H2021") and 31 January 2022 ("1H2022") (collectively, the "Period Under Review") is set out below. The following summary financial information should be read in conjunction with the Company's annual reports for FY2018, FY2019, FY2020 and FY2021, and the Company's financial results announcements for 1H2022, including the notes and commentaries thereto.

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8.2.1 Historical Financial Performance of the Group

We set out below a summary of the key financial results of the Group for the Period Under Review:

S\$'000 (unless otherwise stated)	FY2018 Audited	FY2019 Audited	FY2020 Audited	FY2021 Audited	1H2021 Unaudited	1H2022 Unaudited
Revenue ⁽¹⁾	92,541	76,562	77,683	75,394	23,134	31,300
Gross profit	19,000	12,041	7,929	11,294	1,996	4,154
Gross profit margin	20.5%	15.7%	10.2%	15.0%	8.6%	13.3%
Profit / (loss) before tax from continuing operations	10,639	4,201	(14,552)	5,376	2,495	1,820
Profit / (loss) attributable to owners of the Company, net of tax	8,923	3,790	(11,259)	3,380	1,617	996

Source: The Company's annual reports for FY2018, FY2019, FY2020 and FY2021 and the Company's financial results announcement for 1H2022 released on SGXNET.

Note:

(1) A breakdown of the Group's revenue by business segment for the Period Under Review is as follows:

S\$'000	FY2018	FY2019	FY2020	FY2021	1H2021	1H2022
Revenue from construction contracts	91,471	74,968	76,003	75,033	23,094	30,632
Revenue from waste management and treatment	271	726	1,062	229	-	184
Dividend income and other revenue	799	868	618	132	40	484
Total revenue	92,541	76,562	77,683	75,394	23,134	31,300
As a percentage of revenue from construction contracts	98.8%	97.9%	97.8%	99.5%	99.8%	97.9%

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Outstanding order book

We further set out below a summary of the outstanding order book announced from FY2018 up to the Latest Practicable Date.

Annual reports / SGXNET announcement	Outstanding order book as at	Order Book (S\$' million)
FY2018	26 September 2018	192
FY2019	23 September 2019	182
FY2020	23 September 2020	168
FY2021	23 September 2021	119
	11 March 2022 ⁽¹⁾	187

Source: Company's Annual Reports and SGXNET announcements

Note:

- (1) The date of the most recent SGXNET announcement on the Company's order book. The Group expects to substantially complete these projects between FY2022 and FY2024.

FY2019 vs FY2018

Revenue decreased by approximately 17.3% in FY2019, mainly due to decline in revenue from the structural steel business as a result of fewer structural steel works completed for on-going projects.

Gross profit decreased by S\$7.0 million in FY2019 which was in line with the lower revenue and lower gross profit margin of 15.7% compared to 20.5% in FY2018, mainly due to lower gross profit margins derived from executed projects in FY2019.

The Group recorded a decrease in profit before tax from continuing operations of S\$6.4 million mainly due to decrease in gross profit of S\$7.0 million; and partially offset by increase in other income and gains of S\$0.5 million which was mainly due to an increase in (i) supplier rebates of S\$0.7 million and (ii) the reversal of impairment loss allowance on trade receivables of S\$0.4 million, and partially offset by lower net foreign exchange gains of S\$0.6 million.

As a result of the foregoing, the Group reported a lower profit attributable to owners of the Company, net of tax of S\$3.8 million in FY2019.

FY2020 vs FY2019

Revenue increased by approximately 1.5% in FY2020, mainly due to an increase in revenue of S\$1.0 million from the structural steel business as a result of executed construction contracts prior to the mandatory suspension of construction sites during the Circuit Breaker Period in Singapore from 7 April 2020 to 1 June 2020.

Gross profit decreased by \$4.1 million in FY2020 mainly due to ongoing costs incurred such as allocated overhead costs, while the Group's operations were affected by the mandatory suspension of construction sites during the Circuit Breaker period.

The Group recorded a loss before tax from continuing operations of S\$14.6 million in FY2020 mainly due to (i) a decrease in gross profit of S\$4.1 million; and (ii) an increase in other losses of S\$15.7 million incurred in FY2020 mainly as a result of (a) allowance for impairment on property,

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plant and equipment of S\$7.6 million due to prevailing market condition; (b) property, plant and equipment written off of S\$4.2 million; (c) loss on disposal of a 51%-owned direct subsidiary (Technics Steel Pte. Ltd.) of S\$2.3 million; and (iv) lease termination fee of S\$1.3 million pursuant to the disposal of the subsidiary, partially offset by a decrease in administrative expenses of S\$1.1 million. The lower administrative expenses were largely due to decreases in (a) foreign worker levy expense of S\$0.3 million; (b) donations of S\$0.5 million; and (c) other expenses of S\$0.3 million.

As a result of the foregoing, the Group reported a loss attributable to owners of the Company, net of tax of S\$11.3 million in FY2020 compared to a profit attributable to owners of the Company, net of tax of S\$3.8 million in FY2019.

Excluding the effects of the (i) allowance for impairment and write off on property, plant and equipment; and (ii) loss on disposal of the 51%-owned direct subsidiary (Technics Steel Pte. Ltd.) and the related lease termination fee which aggregated to S\$15.4 million, the Group would have been profitable in FY2020.

FY2021 vs FY2020

Revenue decreased by approximately 2.9% in FY2021 as revenue from the structural steel business and waste management and treatment business decreased due to the protracted impact of the COVID-19 pandemic. Revenue from the structural steel business decreased by S\$1.0 million due to the slow and gradual restart of project sites in the construction industry when the Circuit Breaker measures were first lifted. Revenue from the waste management and treatment business decreased by S\$0.9 million as a result of persistent weak demand and low average selling prices of wood pellets due to the COVID-19 pandemic.

Gross profit increased by S\$3.4 million in FY2021 mainly due to the gradual resumption of business activities as compared to the prior year's mandatory suspension of construction sites during the Circuit Breaker Period.

The Group recorded a profit before tax from continuing activities of S\$5.4 million in FY2021 mainly due to (i) higher gross profit; (ii) absence of (a) certain allowance of impairment on property, plant and equipment; (b) property, plant and equipment written off; and (c) lease termination fee and loss on disposal of the subsidiary, which were incurred in FY2020; (iii) increase in other income and gains recorded of S\$2.1 million primarily due to an increase in government grants and scrap income; and (iv) decrease of administrative expenses of S\$1.6 million largely due to decrease in employee benefits expense.

As a result of the foregoing, the Group reported a profit attributable to owners of the Company, net of tax of S\$3.4 million in FY2021.

1H2022 vs 1H2021

Revenue increased by approximately 35.3% in 1H2022, mainly due to the increase in revenue from the structural steel business. Revenue was lower in 1H2021 mainly as a result of slow and gradual resumption of business operations in the construction industry when the Circuit Breaker measures were first lifted.

Gross profit increased by S\$2.2 million in 1H2022 in line with the higher revenue and higher gross profit margin of 13.3% compared to 8.6% in 1H2021, mainly due to higher gross margins derived from the executed construction projects.

The Group recorded a decrease in profit before tax from continuing operations of S\$0.7 million in 1H2022 mainly due to a decrease in other income and gains of S\$3.0 million as a result of decrease in (a) government grants of S\$2.2 million, (b) scrap income of S\$0.3 million; and (c) absence of reversal of custom duty import and goods and services tax accrued of S\$0.4 million, partially offset by increase in gross profit of S\$2.2 million.

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The Group reported a lower profit attributable to owners of the Company, net of tax of S\$1.0 million in 1H2022 compared to a profit attributable to owners of the Company, net of tax of S\$1.6 million in 1H2021.

We note the following with respect to the historical financial performance of the Group:

- (i) the Group's revenue in FY2020 and FY2021 remained relatively consistent with the revenue in FY2019, notwithstanding the ongoing COVID-19 pandemic which led to a mandatory suspension of construction sites during the Circuit Breaker period in Singapore from 7 April 2020 to 1 June 2020;
- (ii) the Group consistently secured contracts for its order book in each financial year in the reviewed period from FY2018 to FY2021. Based on the Company's annual reports and SGXNET announcements, we note that its order book is typically expected to be substantially completed within 2 to 3 years; and
- (iii) The Group consistently recorded profit after tax attributable to owners of the Company from FY2018 to FY2021, 1H2021 and 1H2022, save for FY2020 which was primarily due to (a) allowance for impairment on property, plant and equipment of S\$7.6 million due to prevailing market condition; (b) property, plant and equipment written off of S\$4.2 million; (c) loss on disposal of a 51%-owned direct subsidiary (Technics Steel Pte. Ltd.) of S\$2.3 million; and (d) lease termination fee of S\$1.3 million pursuant to the disposal of the subsidiary. Excluding such factors which resulted in an aggregate loss of S\$15.4 million, the Group would have been profitable in FY2020.

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8.2.2 Historical Financial Position of the Group

We set out below a summary of the financial position of the Group as at 31 July 2021 and 31 January 2022:

S\$'000 (unless otherwise stated)	31 July 2021 Audited	31 January 2022 Unaudited
Current assets	106,492	100,917
Non-current assets	57,655	54,360
Total assets	164,147	155,277
Current liabilities	20,854	18,265
Non-current liabilities	13,609	8,430
Total liabilities	34,463	26,695
Net assets	129,684	128,582
Equity attributable to owners of the Company	129,678	128,576
Non-controlling interests	6	6
Total equity	129,684	128,582
NAV attributable to owners of the Company (excluding non-controlling interests)	129,678	128,576
Number of issues Shares (excluding treasury shares)	349,500,000	349,500,000
NAV per Share (in S\$)	0.37	0.37

Source: The Company's financial results announcement for 1H2022 released on SGXNET.

As at 31 January 2022, the Group recorded total assets of S\$155.3 million comprising non-current assets amounting to S\$54.4 million (35.0% of total assets) and current assets amounting to S\$100.9 million (65.0% of total assets).

Current assets as at 31 January 2022 consist mainly (i) contract assets of S\$34.7 million, representing 22.4% of total assets; (ii) cash and cash equivalents of S\$29.2 million, representing 18.8% of total assets; (iii) trade and other receivables of S\$24.2 million, representing 15.6% of total assets; and (iv) assets held for sale of S\$11.7 million, representing 7.6% of total assets. The assets held for sale relate to a land (under the issue document of title known as HS (D) No. 493036, PTD 4373, located in Mukim of Sungai Tiram, District of Johor Bahru, State of Johor) together with certain equipment contained in the factory erected thereon held by the Company's wholly-owned indirect subsidiary, MTTJ Engineering Sdn. Bhd. The disposal of such assets held for sale for a total consideration of RM41.7 million (or S\$13.5 million¹) (out of which RM1,041,000 was released to the Director-General of the Inland Revenue) was completed as at 29 March 2022 (the "Disposal").

Non-current assets as at 31 January 2022 comprised mainly (i) property, plant and equipment of S\$44.5 million, representing 28.7% of total assets; and (ii) right-of-use assets of S\$7.2 million, representing 4.7% of total assets.

As at 31 January 2022, the Group's total liabilities amounted to S\$26.7 million, comprising non-current liabilities amounting to S\$8.4 million (31.6% of total liabilities) and current liabilities amounting to S\$18.3 million (68.4% of total liabilities).

¹ Based on the exchange rate of S\$1.00 to RM3.0967 as at the completion date of 29 March 2022 as quoted by Bloomberg L.P.

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Current liabilities as at 31 January 2022 comprised mainly (i) trade and other payables of S\$14.3 million, representing 53.6% of total liabilities; (ii) income tax payable of S\$2.4 million, representing 8.9% of total liabilities; and (iii) contract liabilities of S\$1.2 million, representing 4.4% of total liabilities.

Non-current liabilities as at 31 January 2022 comprised (i) lease liabilities of S\$7.3 million, representing 27.2% of total liabilities; and (ii) deferred tax liabilities of S\$1.2 million, representing 4.4% of total liabilities.

The Group recorded positive net working capital² of S\$82.7 million, with a current ratio of 5.5 times, and a net assets position of S\$128.6 million as at 31 January 2022.

Summary of historical cash and working capital position of the Group for the Period Under Review:

We set out below a summary of the Group's cash and working capital position for the Period Under Review.

S\$'000 (unless stated)	As at 31 July 2018 Audited	As at 31 July 2019 Audited	As at 31 July 2020 Audited	As at 31 July 2021 Audited	As at 31 January 2022 Unaudited
Cash and cash equivalents	56,754	39,329	36,196	38,030	29,152
Net cash ⁽¹⁾	52,668	31,294	21,444	24,280	21,495
Net cash/Share (S\$)	0.15	0.09	0.06	0.07	0.06
NAV attributable to owners of the Company	138,791	139,978	125,860	129,678	128,576
Net cash/ NAV attributable to owners of the Company	37.9%	22.4%	17.0%	18.7%	16.7%
Net working capital	90,741	74,494	66,945	85,638	82,652

Source: The Company's annual reports for the period from FY2018 to FY2021, and the Company's financial results announcement for 1H2022 released on SGXNET.

Note:

- (1) Net cash refers to cash and cash equivalents less (i) other financial liabilities such as secured bills payable to banks, bank loans, bank overdraft and trust receipts; (ii) finance leases; and (iii) lease liabilities.

We note the following with respect to the historical financial position of the Group:

- (i) net cash generally decreased from 31 July 2018 to 31 January 2022, primarily due to (i) acquisition of wood pellet manufacturing assets in Thailand and Singapore in FY2019; and (ii) repayment of borrowings in 1H2022;
- (ii) the Group has repaid its secured borrowings as at 31 January 2022. Other than lease liabilities of S\$7.7 million as at 31 January 2022, the Management confirmed that the Group does not have any amount outstanding owing to financial institutions or other borrowings as at the Latest Practicable Date;

² Net working capital refers to current assets less current liabilities.

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- (iii) the Group has been in net cash position from 31 July 2018 to 31 January 2022. Net cash per Share as at 31 January 2022 represented 26.7% of the Offer Price.

We note that the Disposal was completed on 29 March 2022. The Management has represented that save for RM1,041,000 which had earlier been released to the Director-General of the Inland Revenue in accordance with the Real Property Gains Tax Act 1976 in connection with the Disposal that will be collected in due course, the Disposal proceeds have been fully collected. According to Management, the net proceeds from the Disposal amounted to an equivalent of S\$13.3 million³. Accordingly, the net cash per Share after accounting for the Disposal would increase by S\$0.04 to S\$0.10 (“**Adjusted Net Cash Per Share**”), representing 43.2% of the Offer Price; and

- (iv) the Group has recorded positive net working capital from 31 July 2018 to 31 January 2022 and a relatively robust current ratio of 5.5 times.

8.3 The Group’s NAV, ANAV and RANAV

The NAV based approach in 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 non-controlling interests. The NAV based approach 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 such as goodwill, trademarks and brand names) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, non-controlling interests and other obligations of the company or group with the balance to be distributed to its shareholders. However, the NAV based approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It also does not illustrate the values of which assets may actually be realised or disposed of.

8.3.1 NAV of the Group

Based on the latest published unaudited financial statements of the Group for 1H2022, the NAV attributable to Shareholders was S\$128.6 million. The NAV per Share attributable to Shareholders as at 31 January 2022 was therefore approximately S\$0.37, based on the issued share capital of 349,500,000 Shares as at the Latest Practicable Date.

The Offer Price represents a discount of 37.5% to the NAV per Share as at 31 January 2022.

³ Based on the proceeds from the Disposal of RM41.7 million (assuming collection of RM1,041,000 which was released to the Director-General of the Inland Revenue) after deducting (i) related legal and professional fees of RM435,570; and (ii) real property gain tax of RM179,235, and based on the exchange rate of S\$1:RM3.0967 as at 29 March 2022 extracted from Bloomberg L.P., as provided by the Management.

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8.3.2 ANAV of the Group

Assuming the Disposal was completed on 31 January 2022, the Management has estimated the following adjustment to the Group's NAV per Share as at 31 January 2022:

Estimated ANAV of the Group	S\$' million	Per Share (S\$)
NAV of the Group based on the unaudited financial statements as at 31 January 2022	128.6	0.368
Add: Net gain on disposal of assets held for sale	1.6	0.005
Estimated ANAV of the Group as at 31 January 2022	130.2	0.373

The Offer Price represents a discount of 38.2% to the ANAV per Share as at 31 January 2022.

8.3.3 RANAV of the Group

In our assessment of the financial terms of the Offer, we have also considered whether there is any asset which should have been valued at an amount that is materially different from that which was recorded in the consolidated statement of financial position of the Group as at 31 January 2022, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV of the Group as at 31 January 2022.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, the property, plant and equipment, as well as machineries and equipment) of the Group. The Company has commissioned the Independent Valuers to value certain of its properties, plant and equipment, and we have been furnished with Valuation Reports. The Valuation Reports are set out in Appendix VI to the Circular. Shareholders are advised to refer to the respective Valuation Reports for full details of the valuation. The Valuation Reports on each of the Subject Properties are available as documents for inspection.

We are not experts in the evaluation and appraisal of assets and have placed sole reliance thereon for the valuation and/or information contained in the Valuation Reports. We are not involved and assume no responsibility for the Valuation Reports. In particular, we do not assume any responsibility to enquire about the basis of the valuation and appraisal as contained in the Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements. We have also not made any independent verification of the matters or bases set out in the Valuation Reports.

For the purposes of the Offer, the Company has appointed the Independent Valuers to conduct independent valuations of the Group's significant property, plant and equipment, namely (i) leasehold land with factory, workers' dormitory, office and other ancillary structures situated at 57 Pioneer Road, Singapore 628508; (ii) leasehold land with factory, partially completed production line building and other ancillary structures situated at 51 Shipyard Crescent, Singapore 627809, ((i) and (ii) collectively known as "**Singapore Subject Properties**"); (iii) leasehold land with factory buildings and other ancillary structures situated at PLO 522, Jalan Keluli 7, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia ("**Malaysia Subject Property**"); and (iv) freehold land with factory building, other improvements, and machinery and equipment situated at No. 345 Moo 7, within the 'Gateway City Industrial Estate',

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located on Highway No.331 (Sattahip - Khao Hin Son Road), within Hua Samrong Sub-district, Plaeng Yao District, Chachoengsao Province, Thailand (“**Thailand Subject Property**”) (collectively, the “**Subject Properties**” as set out in Appendix VI to the Circular).

Carrying Values, Market Values and Revaluation Surplus/(Deficit)

A summary of the carrying values and market values of the Subject Properties as determined by the Independent Valuers is as follows:

Subject Properties	Carrying Value as at 31 January 2022⁽¹⁾ (S\$'000)	Market Value as set out in the respective Valuation Report (S\$'000)	Revaluation surplus/(deficit) (S\$'000)
Freehold land situated at the Thailand Subject Property	2,498	2,478 ⁽³⁾	(20)
Factory building and other improvements situated at the Thailand Subject Property	2,802	2,716 ⁽⁴⁾	(86)
Machinery and equipment situated at the Thailand Subject Property	2,548	2,539 ⁽⁵⁾	(9)
Leasehold land with factory, workers' dormitory, office and other ancillary structures situated at 57 Pioneer Road, Singapore 628508	12,378	36,000 ⁽⁶⁾	23,622
Leasehold land with factory, partially completed production line building and other ancillary structures situated at 51 Shipyard Crescent, Singapore 627809	13,767	14,000 ⁽⁶⁾	233
Malaysia Subject Property	7,488	15,372 ⁽⁷⁾	7,884
Total revaluation surplus			31,624
Less: Potential tax liabilities ⁽²⁾			774
Net revaluation surplus			30,850

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Notes:

- (1) Based on information provided by the Management
- (2) Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the Subject Properties which are the subject of a valuation given in connection with the Offer, were to be sold at the valuation. Such information was collated and provided by the Management.
- (3) Based on Knight Frank Chartered (Thailand) Company Limited's estimated market value of THB61,600,000 as at 12 May 2022, and the closing exchange rate of S\$1.00 to THB24.8541 on 12 May 2022 as quoted by Bloomberg L.P.
- (4) Based on Knight Frank Chartered (Thailand) Company Limited's estimated market value of THB67,500,000 as at 12 May 2022, and the closing exchange rate of S\$1.00 to THB24.8541 on 12 May 2022 as quoted by Bloomberg L.P.
- (5) Based on Knight Frank Chartered (Thailand) Company Limited's estimated market value of THB63,100,000 as at 12 May 2022, and the closing exchange rate of S\$1.00 to THB24.8541 on 12 May 2022 as quoted by Bloomberg L.P.
- (6) Based on Knight Frank Pte Ltd's estimated market values as at 14 June 2022.
- (7) Based on PA International Property Consultants Sdn Bhd's estimated market value of RM49,110,000 as at 2 June 2022, and the closing exchange rate of S\$1.00 to RM3.1948 on 2 June 2022 as quoted by Bloomberg L.P.

The Company does not expect any potential tax liabilities to be incurred by the Group arising from a hypothetical disposal of the Singapore Subject Properties as there is no capital gains tax in Singapore. In addition, the Singapore Subject Properties are for the Group's own use and are not intended for sale.

The potential tax liabilities that may be incurred by the Group arising from a hypothetical disposal of the Malaysia Subject Property and the Thailand Subject Property amount to approximately S\$0.8 million. However, the aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Malaysia Subject Property and the Thailand Subject Property. As at the Latest Practicable Date, the Company has no immediate plans to dispose of its interests in the Subject Properties, and as such, the aforesaid tax liabilities are not likely to crystallise.

Based on the Valuation Reports, we set out below the adjustments which were made in determining the RANAV of the Group as at 31 January 2022:

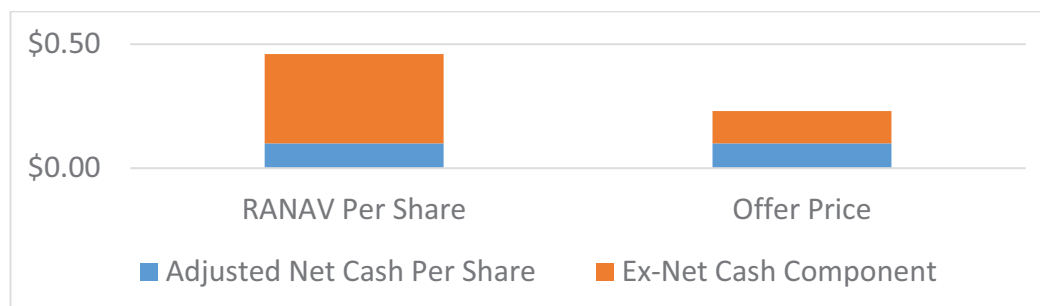
Estimated RANAV of the Group	S\$' million	Per Share (S\$)
ANAV of the Group as at 31 January 2022	130.2	0.372
Add: Revaluation surplus arising from the independent valuation of the Subject Properties	31.6	0.090
Less: Potential tax liabilities	0.8	0.002
Estimated RANAV of the Group as at 31 January 2022	161.0	0.460

The Offer Price represents a discount of 50.1% to the RANAV per Share of S\$0.460 as at 31 January 2022. Adjusted Net Cash Per Share would constitute 21.6% of the RANAV per Share as at 31 January 2022.

As the Adjusted Net Cash Per Share represents a significant percentage of the RANAV per Share as at 31 January 2022, we have also considered the Group's ex-net cash RANAV per Share against the ex-net cash Offer Price.

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The ex-net cash RANAV per Share of the Group as at 31 January 2022 was approximately S\$0.36 per Share after adjusting for the Adjusted Net Cash Per Share of S\$0.10. **Accordingly, after excluding the net cash component of the RANAV from the Offer Price, effectively, the ex-net cash Offer Price after adjusting for Adjusted Net Cash Per Share of S\$0.10 is S\$0.13, and represents a discount of 63.9% to the ex-net cash RANAV per Share of S\$0.36.**



Save for the above and as disclosed in the unaudited financial statements of the Group as at 31 January 2022 and the Circular, the Directors and Management have confirmed to us that, to the best of their knowledge and belief, as at the Latest Practicable Date:

- (i) save for the Disposal, there are no material events that have or will likely to have a material impact to the financial position of the Group since 31 January 2022;
- (ii) save for the revaluation surplus / deficit based on the valuation ascribed by the Independent Valuers in the Valuation Reports, there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 January 2022 which would have a material impact on the unaudited NAV of the Group;
- (iii) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (iv) there is no litigation, claim or proceeding pending or threatened against the Company and 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 Group taken as a whole as at 31 January 2022;
- (v) there are no 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 as at 31 January 2022; and
- (vi) save for the Disposal, there are no material acquisitions or disposals of assets by the Group between 31 January 2022 and the Latest Practicable Date, and the Group does not have any plans for such impending material acquisition or disposal of assets, conversion of the use of its material assets or material changes in the nature of the Group's business; and
- (vii) there are no material changes to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 31 January 2022.

Shareholders should note that the analysis above is solely for illustration purposes and the asset-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, wherein such scenario does not take into consideration factors including, but not limited to, liquidation costs, taxes, time value of money, prevailing market conditions, legal

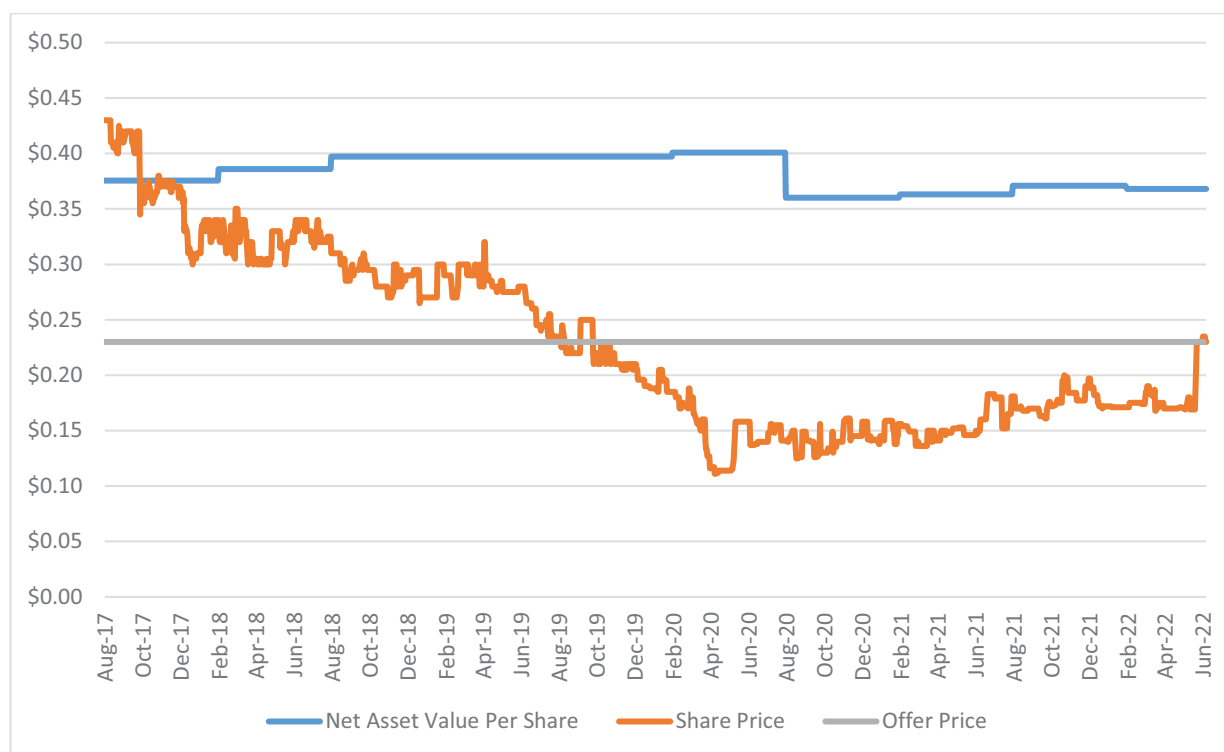
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and professional fees, regulatory requirements, contractual limitations and obligations, and the availability of buyers, which may affect the value that can be realised by the Group.

8.3.4 Historical Daily Closing Price of the Shares against the Historical Trailing NAV per Share of the Group

We have compared the historical daily closing prices of the Shares against (i) historical trailing NAV per Share over the Reference Period.

Historical market price of the Shares against the historical NAV per Share of the Group



Source: Bloomberg L.P.

We observed that, during the Reference Period, the Shares had consistently traded at a discount to the historical trailing NAV per Share from 26 September 2017, and below the Offer Price since 23 October 2019, notwithstanding that the market price of the Shares have appeared to generally trend upwards since April 2020.

We also note that the market price of the Shares during the Reference Period had largely remained below the Group's NAV per Share as at 31 January 2022. This is notwithstanding the Company's press release announced on SGXNET on 11 March 2022, with regard to the Group's robust order book of S\$187 million and general long-term expectation that the construction industry in Singapore should continue to normalise as Singapore gradually opens its economy and its borders.

Further, we note that the Offer Price is below the historical trailing NAV per Share during the Reference Period.

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8.4 Comparison of Valuation Statistics with Broadly Comparable Companies

For the purpose of assessing the financial terms of the Offer, we have compared the valuation ratios of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST and in the regional exchanges which can be considered as broadly comparable with the principal businesses of the Group (“**Comparable Companies**”).

We have held discussions with the Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the list of selected Comparable Companies is not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group in terms of, *inter alia*, business activities, customer base, size of operations, asset base, geographical markets of activities, track record, financial performance and position, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. Hence, any comparison made herein is necessarily limited and serves only as an illustrative guide, and any conclusion drawn 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.

A brief description of the selected Comparable Companies, as extracted from their respective company websites and/or annual reports is set out below:

Name of Comparable Company	Stock Exchange	Business Activities/Description
SHS Holdings Ltd (“ SHS ”)	Singapore	SHS Holdings is a diversified group with three main businesses involving engineering and construction that comprises structural steel and facade, modular construction, corrosion prevention and energy-related businesses.
Yongnam Holdings Ltd (“ Yongnam ”)	Singapore	Yongnam provides structural steelworks including engineering coordination, detailing, full service fabrication and erection of steel frames for aircraft hangars, high rise buildings, commercial and industrial buildings. Yongnam also operates civil and mechanical engineering businesses. Yongnam currently operates in Singapore, Malaysia, Thailand and Hong Kong.
Eversendai Corporation Limited (“ Eversendai ”)	Malaysia	Eversendai is a construction company with main activities including structural steel design, engineering, and manufacture, installation of mechanical equipment and construction for power, oil, and gas process plants, and construction of buildings.
GT Steel Construction Group Limited (“ GT Steel ”)	Hong Kong	GT Steel manufactures steel products. The Company designs, supplies, fabricates, and installs standard and custom made structural steel products for industrial buildings, data centres, aerospace, energy sectors, and water treatment plants. GT Steel serves customers in Singapore.

Source: Annual Reports and Bloomberg L.P.

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We have used the following valuation measures in our analysis:

Valuation Measure	Description
Price-to-earnings Ratio (“ PER ”)	<p>This ratio is computed by dividing the market capitalisation of a company by the trailing 12-month consolidated net profits attributable to owners of a company.</p> <p>The PER is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-NAV (“ P/NAV ”)	<p>This ratio illustrates the market price of a company’s shares relative to the NAV per share as recorded in its financial statements.</p> <p>The NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders.</p> <p>It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>Comparisons of companies using NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>
Enterprise value-to-earnings before interest, tax, depreciation and amortisation expenses (“ EV/EBITDA ”)	<p>EV or enterprise value is the sum of the company’s market capitalization, preferred equity, perpetual bonds, minority interests, short and long term debt (inclusive of finance leases) less its cash and cash equivalents. EBITDA refers to the historical consolidated earnings before interest, tax, depreciation and amortization, inclusive of the share of associates’ and joint ventures’ income.</p> <p>EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting policy decisions. The historical EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical consolidated pre-tax operating cash flow performance, and provides an indication of current market valuation relative to operating performance. Unlike the PER, the EV/EBITDA ratio does not take into account the capital structure of a company, its interest, taxation, depreciation and amortization expenses.</p>

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The following table sets out the valuation ratios of the Comparable Companies in comparison with the valuation ratios of the Group implied by the Offer Price:

Comparable Company	Last Financial Year / Period End	Market Capitalisation ¹ (S\$' million)	PER ² (times)	P/NAV ³ (times)	EV/EBITDA ⁴ (times)	Current Ratio ⁵ (times)
SHS	31 December 2021	100.0	n.m. ⁶	0.72	10.22	4.64
Yongnam	31 December 2021	18.0	n.m. ⁶	0.18	17.55	0.58
Eversendai	31 March 2022	33.0	n.m. ⁶	0.17	n.m. ⁶	1.07
GT Steel	31 March 2022	188.6	n.m. ⁶	10.52	n.m. ⁶	4.76
Maximum			n.m.	10.52	17.55	4.76
Average			n.m.	2.90	13.89	2.77
Median			n.m.	0.45	13.89	2.86
Minimum			n.m.	0.17	10.22	0.58
Company (as implied by the Offer Price)	31 January 2022	80.4	29.14	0.63	4.71	5.53

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies as at the Latest Practicable Date

Notes:

- (1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at the Latest Practicable Date, or the last closing price if there are no trades on the Latest Practicable Date, as extracted from Bloomberg L.P. Market capitalisation for the Company is based on the Offer Price and the total outstanding Shares as at the Latest Practicable Date.
- (2) The historical PERs of the Comparable Companies are computed based on their respective latest published full year earnings or trailing 12-month earnings attributable to shareholders of the respective companies, where applicable, as at the Latest Practicable Date.
- (3) The P/NAV ratio of the Comparable Companies was computed based on their respective NAV values attributable to shareholders of the respective companies as set out in their latest published financial results available as at the Latest Practicable Date. The P/NAV ratio of the Company is computed based on NAV per Share as at 31 January 2022.
- (4) For the Comparable Companies, EV is computed based on the latest available consolidated financial results prior to or on the Latest Practicable Date, except for market capitalisation which is as at the Latest Practicable Date. EBITDA is computed based on a trailing 12-month basis from the latest available audited and/or unaudited consolidated financial results as at the Latest Practicable Date. EV of the Company is based on the market capitalisation implied by the Offer Price, and the Company's latest unaudited consolidated financial results as at 31 January 2022. EBITDA of the Company is computed on a trailing 12-month basis based on the Company's audited and unaudited consolidated financial results for FY2021 and the 6-month period ended 31 January 2022 respectively.
- (5) Current ratios refer to current assets over current liabilities as at each Comparable Companies' respective latest announced annual reports or financial announcements.
- (6) Not meaningful as the companies were in a net loss and/or negative EBITDA position for their respective trailing 12-month period based on their latest announced annual reports or financial announcements.

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Based on the above, we note the following:

- (i) the PER of the Group, as implied by the Offer Price, is 29.14 times. The Comparable Companies were in a net loss position in their respective trailing 12-month period based on their latest announced annual reports or financial announcements.
- (ii) the P/NAV ratio of the Group of 0.63 time as implied by the Offer Price, is within the range of the P/NAV ratios of the Comparable Companies, and above the median P/NAV ratio of the Comparable Companies.

The P/ANAV ratio and P/RANAV of the Group, as implied by the Offer Price, of 0.62 time and 0.50 time respectively, are within the range of the P/NAV ratios of the Comparable Companies and remain close to the median P/NAV ratio of the Comparable Companies. We wish to highlight that comparing the P/ANAV and P/RANAV ratios of the Group with the P/NAV ratios of the Comparable Companies serve only as an illustrative guide and may not be a like-for-like comparison; and

- (iii) the EV/EBITDA ratio of the Group of 4.71 times, as implied by the Offer Price, is below the range of the EV/EBITDA ratios of the Comparable Companies.

We note that the Comparable Companies were in a net loss position for their respective trailing 12-month period based on their latest announced annual reports or financial announcements. In addition, the Comparable Companies had bank and/or other borrowings as at the financial year/period of their latest announced annual reports or financial announcements. The Comparable Companies were financially geared (gearing ratios ranging from 0.17 time to 2.05 times). In contrast, the Group was profitable in the trailing 12-month period to 31 January 2022 and had no bank and other borrowings as at the Latest Practicable Date.

We further note that the current ratio of the Group as at 31 January 2022 was 5.53 times which was higher than the range of current ratios of the Comparable Companies.

8.5 Comparison with recent privatisation transactions for companies listed on the SGX-ST

In assessing the reasonableness of the Offer Price, we have compared the financial terms of the Offer with those of selected privatisation transactions involving companies listed on the SGX-ST, that were announced and completed, and which had resulted in the delisting of such company from the SGX-ST, since 1 January 2020 and up to the Latest Practicable Date (the “**Precedent Privatisation Transactions**”).

This analysis serves as a general indication of the premium or discount of the respective offers, without having regard to their specific transaction rationale, offeror’s intention, industry characteristics or other considerations.

We wish to highlight that the Precedent Privatisation Transactions may not be directly comparable to the Group due to differences in, *inter alia*, business activities, scale of operations, types of products, geographical markets, track record, future prospects, asset base, liquidity, market capitalisation, risk profile, customer base and other relevant criteria. In addition, economic conditions have changed and may differ over the aforementioned period, thus affecting, *inter alia*, the economic terms of the relevant offer prices. Therefore, it should be noted that the comparison made herein serves only as an illustrative guide and the conclusions drawn from such comparisons may not necessarily reflect the perceived or implied market valuation for the Company. Shareholders should also note that the list of Precedent Privatisation Transactions is not exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

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The following is a brief description of the Precedent Privatisation Transactions:

Company Name	Type ⁽²⁾	Announcement date ⁽¹⁾	Premium / (Discount) of offer price over/(to) ⁽¹⁾ :					P/NAV or P/RNAV ⁽³⁾ (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Singapore O&G Ltd	VGO	7-Mar-2022	18.0	14.8	12.2	11.3	11.2	3.55
Shinvest Holding Ltd	VGO	16-Feb-2022	12.9	8.5	10.2	10.1	14.3	0.66
Roxy-Pacific Holdings Limited	VGO	15-Dec-2021	19.8	21.0	23.5	30.3	10.9	0.64
United Global Limited	VGO	10-Dec-2021	12.5	16.7	16.7	16.2	14.1	1.06
Starburst Holdings Limited	VGO	10-Nov-2021	5.8	3.9	9.2	12.8	25.7	1.84
SingHaiyi Group Ltd	VGO	9-Nov-2021	8.3	7.0	10.7	18.3	20.0	0.60
Fragrance Group Limited	VGO	9-Jul-2021	16.9	19.0	19.0	20.0	21.1	0.70
Dutech Holdings Ltd	VGO	31-May-2021	60.0	59.4	60.6	59.4	5.8	1.06
Cheung Woh Technologies Limited	VGO	6-May-2021	90.0	90.0	92.6	109.6	141.1	1.10
Top Global Limited	VGO	30-Apr-2021	122.9	133.6	146.8	148.7	142.6	0.32
Sin Ghee Huat Corporation Ltd	VGO	20-Apr-2021	25.6	68.2	68.2	68.8	4.2	0.64
Singapore Press Holdings Limited	SOA	30-Mar-2021	57.3	71.5	80.3	94.8	199.2	1.05
Neo Group Limited	VGO	30-Mar-2021	20.0	17.9	14.5	15.4	31.0	1.22
Singapore Reinsurance Corporation Limited	VGO	19-Mar-2021	17.8	20.6	20.8	21.8	27.4	0.79
World Class Global Limited	SOA	12-Mar-2021	112.1	107.9	107.9	89.2	73.6	0.83
International Press Softcom Limited	VGO	28-Jan-2021	12.5	25.4	32.0	21.6	26.8	1.08
GL Limited	VGO	15-Jan-2021	25.0	28.2	33.4	27.5	9.5	0.66
CEI Limited	VGO	11-Jan-2021	15.0	18.1	20.5	23.6	26.1	1.89
Hi-P International Limited	VGO	18-Dec-2020	13.6	23.2	42.3	50.6	62.5	2.60
Sunvic Chemical Holdings Limited	VGO	20-Nov-2020	27.3	40.0	(3.40)	16.7	(12.5)	0.16
LCT Holdings Limited	VGO	16-Sep-2020	39.5	60.8	61.7	61.5	25.3	0.91
Sunningdale Tech Ltd.	SOA	9-Sep-2020	32.0	39.1	45.0	58.2	42.6	0.77

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SK Jewellery Group Limited	VGO	2-Sep-2020	70.5	90.2	94.8	93.7	81.2	1.31
China Jishan Holdings Limited	VGO	20-Aug-2020	84.2	101.3	106.4	116.7	83.0	0.78
Teckwah Industrial Corporation Limited	VGO	12-Aug-2020	17.8	23.1	25.0	32.4	38.3	0.81
Luzhou Bio-chem Technology Limited	VGO	30-Jun-2020	100.0	87.5	130.8	150.0	150.0	n.m. ⁽⁴⁾
Dynamic Colours Limited	VGO	1-Jun-2020	13.6	22.8	29.1	26.8	32.2	0.91
Perennial Real Estate Holdings Limited	VGO	12-Jun-2020	88.1	105.2	124.2	112.7	95.1	0.58
Elec & Eltek International Company Limited	VGO	3-Apr-2020	93.0	61.3	43.8	48.4	55.1	1.00
Breadtalk Group Ltd	VGO	24-Feb-2020	19.4	30.1	24.0	25.0	20.5	2.81
Maximum			122.9	133.6	146.8	150.0	199.2	3.55
Average			41.7	47.2	50.1	53.1	53.7	1.11
Median			22.5	29.2	32.7	31.4	34.6	0.91
Minimum			5.8	3.9	(3.4)	10.1	(12.5)	0.16
The Company – Implied by the Offer Price	VGO	20-May-2022	36.1 ⁽⁵⁾	33.6	28.8	28.0	29.4	0.63

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions

Notes:

- (1) Date of announcement and premium/(discount) of offer price over the last transacted price and VWAPs refer to the date of the first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in the respective circulars of the companies.
- (2) MGO – Mandatory General Offer; VGO – Voluntary General Offer; and SOA – Scheme of Arrangement.
- (3) Based on the NAV per share or adjusted/RNAV per share, where available, as published in the independent financial adviser's letter set out in the respective circulars of the companies.
- (4) 'n.m.' denotes not available as Luzhou Bio-chem Technology Limited had net liability value position and net tangible liability position for its latest reporting period.
- (5) Based on the last transacted price on 12 May 2022, which was the last transacted price of the Company before the Offer Announcement.

Based on the above, we note the following:

- (a) the premium of 36.1% implied by the Offer Price over the last transacted price of the Shares on the Last Trading Day is within the range of premiums, and marginally lower than the average premiums of the Precedent Privatisation Transactions;
- (b) the premium of 33.6% implied by the Offer Price over the 1-month VWAP of the Shares prior to the Last Trading Day is within the range of premiums of the Precedent Privatisation Transactions;
- (c) the premiums of 28.8%, 28.0% and 29.4% implied by the Offer Price over the 3-month, 6-month and 12-month VWAPs of the Shares prior to the Last Trading Day are within the range

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of premiums/discounts, but lower than the average and median premiums of the Precedent Privatisation Transactions; and

- (d) the P/NAV, P/ANAV and P/RANAV as implied by the Offer Price of 0.63 time, 0.62 time and 0.50 time are within the range, but below the average and median ratios of the Precedent Privatisation Transactions.

8.6 Estimated range of values of the Shares

As mentioned in paragraph 8.1 above, we noted that the Shares have consistently traded at a discount to the historical trailing NAV per Share from 26 September 2017 up to the Latest Practicable Date, and liquidity is generally low. It appears that the low free float may have had an effect on the Share price performance and trading liquidity of the Shares. Accordingly, the trading prices of the Shares may not be a fair representation of the value of the Shares.

As mentioned in paragraph 8.2 above, we noted that the Group's core steel structure business has continued to remain operationally viable and financially sound even during the COVID-19 pandemic. The Group is also financially sound, with a relatively robust current ratio of 5.5 times as at 31 January 2022. We also noted the fairly asset-intensive nature of the Group's business, where total assets as at 31 January 2022 comprised properties, plant and equipment as well as right-of-use assets (33.4%), property assets held for sale (7.6%), contract assets (22.4%), cash and cash equivalents (18.8%) and trade receivables (15.6%). Accordingly, both the earnings-based approach and the asset-based approach would be relevant in our assessment of the estimated value of the Shares.

Earnings-based approach

The PER of the Group, as implied by the Offer Price, was 29.14 times. We were, however, not able to undertake any meaningful assessment of the PER of the Group (as implied by the Offer Price) *vis-à-vis* similar statistics of the Comparable Companies as all the Comparable Companies had reported a net loss position for their respective trailing 12-month period.

We have assessed the valuation of the Group by comparing with the Comparable Companies, based on the EV/EBITDA metric. Based on the trailing 12-month EBITDA per Share of the Group of S\$0.036, the estimated valuation of the Shares as implied by the median EV/EBITDA ratio of the Comparable Companies of 13.89 times was S\$0.56 per Share. Nevertheless, we note that such comparison *vis-à-vis* the Comparable Companies may not be entirely meaningful as the Comparable Companies may not be directly comparable with the Group in terms of, *inter alia*, business activities, customer base, size of operations, geographical markets of activities, track record, financial performance and position, quality of earnings, risk profile, future prospects and accounting policies.

Asset-based approach

The Group's ANAV per Share and RANAV per Share as at 31 January 2022 were S\$0.37 and S\$0.46 respectively.

Based on the RANAV per Share of the Group, the estimated valuation of the Shares as implied by the median P/NAV ratio of the Comparable Companies of 0.45 time was S\$0.21 per Share. Nevertheless, we note that such comparison *vis-à-vis* the Comparable Companies may not be entirely meaningful as the Comparable Companies may not be directly comparable with the Group in terms of, *inter alia*, business activities, customer base, size of operations, asset base, financial performance and position, operating and financial leverage and accounting policies. In particular, we noted that the Comparable Companies were loss-making and financially geared

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(gearing ratios ranging from 0.17 time to 2.05 times), in contrast with the Group which is profitable and has no bank and other borrowings as at the Latest Practicable Date.

Estimated value range

On balance, we are of the view that the **estimated value of the Shares ranges between S\$0.37 and S\$0.46**, as represented by the ANAV per Share and the RANAV per Share as at 31 January 2022, respectively. The rather wide differential is attributable to the revaluation surplus arising from the independent valuation of the Subject Properties and the associated potential tax liabilities as set out in paragraph 8.3.3 of this IFA Letter. As at the Latest Practicable Date, the Company has no immediate plans to dispose of its interests in the Subject Properties, and as such, the potential tax liabilities as set out in paragraph 8.3.3 of this IFA Letter are not likely to crystallise.

The Offer Price is lower than our estimated value range of the Shares of between S\$0.37 and S\$0.46.

We wish to highlight that such asset-based analysis of the Group only provides an estimate of the value of the Group based on a hypothetical liquidation scenario, and has not taken into consideration other factors that may affect the value that can ultimately be realized by the Group. These include, but are not limited to, liquidation costs, taxes, time value of money, prevailing market conditions, legal and professional fees, regulatory requirements, contractual limitations and obligations, and the availability of buyers.

8.7 Dividend Track Record of the Company

We set out below the information on the dividend per Share declared and paid by the Company from FY2018 to FY2021, and up to 1H2022:

Dividend Declared (S\$)	FY2018	FY2019	FY2020	FY2021	1H2022
Final dividend per Share	0.007	0.004	0.004	0.008 ⁽⁴⁾	-
Average share price ⁽¹⁾	0.346	0.281	0.181	0.147	n.a. ⁽³⁾
Dividend yield ⁽²⁾	2.0%	1.4%	2.2%	5.4%	-

Source: Bloomberg L.P. and Company's SGXNET announcements

Notes:

- (1) Based on the daily closing prices of the Shares for the respective financial years
- (2) Computed based on dividend per Share divided by the average Share price
- (3) Not applicable
- (4) Higher final dividend per Share as compared to the previous 4 financial years to mark the Group's 40th anniversary and return to profitability in FY2021, as indicated in the Company's Executive Chairman's message in the FY2021 annual report

Notwithstanding that the Company does not have a fixed dividend policy, we note that the Company has a consistent track record of paying dividends of varying amounts to its Shareholders for the review period from FY2017 to FY2021. The average dividend per Share over the last 4 financial years was approximately S\$0.006. This translates into a dividend yield of 2.5% based on the Offer Price.

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We wish to highlight that the above dividend track record analysis only serves as an illustrative guide, and is not an indication of the Company's future dividend pay-out. **There is no assurance that the Company will continue the dividend pay-out in the future.**

8.8 Other Considerations

8.8.1 Outlook of the Group and information on its order book

We note that the following statement on 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, for the next 12 months as disclosed in the Company's announcement on the unaudited interim financial results for 1H2022 on 7 March 2022:

"Singapore's economy expanded by 7.6% in 2021, rebounding from the 4.1% contraction in 2020. The construction sector expanded by 20.1%, a turnaround from the 38.4% contraction in 2020, supported by both public and private sector construction works. For 2022, the Ministry of Trade and Industry ("MTI") has maintained GDP growth forecast at "3.0% to 5.0%" in 2022.⁴

Singapore's high vaccination rate and steady rollout of booster shots should facilitate further progressive easing of domestic and border restrictions, alleviating labour shortages in sectors that are reliant on migrant workers. Activity in the construction sector will continue to recover on this progressive easing of border restrictions. On the other hand, new work permit policies for foreign workers in the construction sector aim at increasing productivity and reducing manpower needs have been announced at the recent Singapore Budget⁵. Therefore, on the path to recovery, labour shortages are likely to persist in the short term and the output of the construction sector is expected to remain below pre-pandemic levels throughout 2022.⁶

The domestic construction sector is also expected to face higher material costs in 2022, largely from persistent supply chain bottlenecks, alongside rising energy prices due to geopolitical tensions, which have exacerbated global inflationary pressures.^{6, 7}

Meanwhile the Building and Construction Authority ("BCA") projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion. 60% of this is expected to be from the public sector supported by projects in healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1). Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026.⁸

We further note from Section 8.2 of the Offer Document that (i) *"Whilst prices of metals were initially expected to ease in 2022, with the Russia-Ukraine war shocking markets and disrupting the supply of raw materials and finished products, prices have increased instead.⁹";* and (ii) *"While the construction sector should gradually normalise as Singapore cautiously opens its economy and borders, the real output of the construction industry is not expected to exceed pre-pandemic levels in the near term".*

⁴ https://www.mti.gov.sg/Newsroom/Press-Releases/2022/02/MTI-Maintains-2022-GDP-Growth-Forecast-at-3_0-to-5_0-per-cent

⁵ Singapore Budget 2022, <https://www.mof.gov.sg/singaporebudget>

⁶ Press release dated 17 February 2022 titled "MTI Maintains 2022 GDP Growth Forecast at '3.0 to 5.0 Per Cent'" by the Ministry of Trade and Industry Singapore.

⁷ Business Times article dated 14 February 2022 titled "High material prices to remain a drag on Singapore construction this year: report".

⁸ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

⁹ Business Times article dated 28 April 2022 titled "Prices of core construction materials in Singapore to remain high in the next few quarters".

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Order Book and Outlook

As at 7 March 2022, T T J has an order book of \$110 million, which it expects to substantially complete between FY2022 and FY2024, subject to the domestic COVID-19 situation and prevailing Safe Management Measures.

Although Singapore's border measures have eased, the supply of foreign workers remains somewhat unstable. The Group, however, has adequate workers to support and execute the projects in its existing order book.

The outlook for the waste management and treatment business remains clouded by the prolonged impact of COVID-19 and the new Omicron variant.

With inflation, and now the impact of the Russian-Ukraine conflict on steel and other commodity prices, the Group expects its margins to come under pressure going forward. Recent Budget 2022 measures to raise foreign worker levy rates and minimum qualifying salary for EP- and S-pass holders are also expected to impact operations.

The Group will monitor operating conditions closely amid this geopolitical and economic landscape, and adapt its strategies accordingly. It will continue to be prudent in terms of cash conservation and cash flow management to ensure its operations remain sustainable in this challenging environment."

Based on the above, notwithstanding that (i) labour shortages are expected to persist in the short term; (ii) output of the construction sector is expected to remain below pre-pandemic levels throughout 2022 due to the expected labour shortages; (iii) and that the domestic construction sector is expected to face higher material costs in 2022, the Company announced in its unaudited interim financial results for 1H2022 on 7 March 2022 that the Group has "*adequate workers to support and execute the projects in its existing order book*".

We also note that the Group's order book increased from S\$110 million as at 7 March 2022 to S\$187 million as at 11 March 2022 (as announced in the Company's press release on the SGXNET on 11 March 2022) on the back of several new structural steel contracts secured. The Company's Executive Chairman and Controlling Shareholder, Mr Teo, commented in the Company's press release on 11 March 2022 that "*We are encouraged by the recent set of contract wins during these uncertain times. While constraints on foreign labour and headwinds such as global inflationary pressures and rising material costs weigh down the outlook for the immediate term, we believe the construction sector will continue to normalise as Singapore gradually opens its economy and its borders. Over the immediate horizon, we will maintain our disciplined approach to managing our resources, so as to deliver our order book on schedule, and continue to work towards growing the business in a sustainable manner.*"

8.8.2 No alternative offer and irrevocable undertaking

There is no publicly available evidence of any alternative offer for the Offer Shares or the Company from any third party. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer proposed by the Offeror, no competing offer or an enhancement or revision of the Offer has been received. Further, given that Mr Teo who holds 294,900,000 Shares (representing approximately 84.4% of the Shares in issue, excluding Shares held by the Company in treasury) has provided an irrevocable undertaking to accept the Offer, it is highly unlikely that there will be any competing offer from a third party.

8.8.3 Minimum acceptance condition

According to Section 2.6 of the Offer Document, the Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and parties acting in concert but

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otherwise than through acceptances of the Offer, will result in the Offeror and its concert parties holding more than 90% of the total number of Shares in issue (excluding treasury shares) as at the close of the Offer.

As disclosed by the Offeror in the Offer Document, as at 3 June 2022, Mr Teo has undertaken to the Offeror to tender all of his Shares in acceptance of the Offer, being an aggregate of 294,900,000 Shares, representing approximately 84.4% of the total number of issued Shares.

Should the Offer fail to become or be declared unconditional, the Offeror and/or any person who acted in concert with it in the course of the Offer, or any person who is subsequently acting in concert with any of them, are not permitted under the Code to announce another offer or possible offer for the Company for 12 months from the date on which the Offer lapses, save with the consent of the SIC.

8.8.4 Control of the Company

Shareholders should note that, as at the Latest Practicable Date, the Offeror and its Concert Parties already has effective statutory control over the Company, with an aggregate shareholding of 84.5% of the total number of issued Shares. This places the Offeror and its Concert Parties in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary and/or special resolutions at the Company's general meetings on matters in which the Offeror and its Concert Parties do not have any interest, save for situations where any of the Offeror and its Concert Parties is required by rules or authorities to abstain from voting.

8.8.5 Listing status, compulsory acquisition and cost of privatisation

As set out in Section 11 of the Offer Document, in the event that as a result of the Offer or otherwise, the Offeror and its concert parties own or control more than 90% of the Shares in issue and the Company is no longer able to comply with the Free Float Requirement and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.

Additionally, as set out in Section 10 of the Offer Document, in the event the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) 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 Shares held by the Company in treasury) as at the close of the Offer, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

As an illustration on the acquisition cost for all Shares not held by the Offeror and Mr Teo as at the Latest Practicable Date, we note that the acquisition cost by the Offeror would amount to approximately S\$12.6 million⁸, which is significantly lower than the Group's net cash of S\$34.8 million⁹ (including the net cash proceeds pursuant to the Disposal as discussed under paragraph 8.2.2 of this IFA Letter) which would represent 43.2% of the Offer Price, on a net cash per Share basis.

⁸ Based on Offer Price of S\$0.23 and issued Shares not held by Offeror and Mr Teo of 54,600,000 as at the Latest Practicable Date.

⁹ Based on the proceeds from the Disposal of RM41.7 million (assuming collection of RM1,041,000 which was released to the Director-General of the Inland Revenue) after deducting (i) related legal and professional fees of RM435,570; and (ii) real property gain tax of RM179,235, and based on the exchange rate of S\$1:RM3.0967 as at 29 March 2022 extracted from Bloomberg L.P., as provided by the Management.

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8.8.6 Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

8.8.7 Offeror's intentions

We note that the Offeror intends for the Company to continue to develop and grow the existing activities and has no intention to (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. However, the Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Offeror and/or the Group.

8.8.8 No indication that the terms of the Offer are final

We note from Section 2.7 of the Offer Document that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code. There is no indication that the terms of the Offer are final.

8.8.9 Other rationale for the Offer articulated by the Offeror

- (i) It is stated in Section 8.4 of the Offer Document that the PER calculated based on the Offer Price of approximately 29.1 times exceeds and is substantially higher as compared to the PER as at the IPO Date of approximately 3.6 times and the daily PER multiples for the two (2)-year period prior and up to the Last Trading Day.

We note that the PER, as implied by the Offer Price, is 29.1 times. The Comparable Companies were loss-making, rendering a comparison in PER terms not meaningful. Please see paragraph 9.4 of this IFA Letter for further details. Furthermore, the two-year period up to the Last Trading Day covers the period under the influence of COVID-19 pandemic (including the associated effects such as the Circuit Breaker period in Singapore), which resulted in the Group recording a loss in FY2020. We also note that the Group recorded significantly lower profits in FY2019 and FY2021, as compared to FY2018. Notwithstanding a PER of 29.1 times, the Group trades at a discount to its NAV with a P/NAV of 0.46 time (based on the last traded price of S\$0.169 on the Last Trading Day) or 0.63 as implied by the Offer Price.

We are of the view that a comparison of the PER implied by the Offer Price against the historical PERs (including back to the PER at listing) is not exactly meaningful, as it does not have regard for the varying market conditions/sentiments as well as the different business profile (i.e. the Group discontinued the profitable dormitory business in FY2017, and the acquisition of the waste management business in FY2019) and financial performance of the Group over the years.

- (ii) It is stated in Section 8.8 of the Offer Document that the total return for Shareholders who invested since IPO is 99.0%.

We note that the aforementioned refers to the total return that can be made by Shareholders who had invested since IPO, and remained invested up to the Latest Practicable Date. Such computation may not be meaningful for Shareholders who had invested at varying points in time after the IPO, and who also would not have had the

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benefit of all the dividends paid out during the period from IPO to the Latest Practicable Date. In particular, we wish to highlight that from 1 August 2017 to the Last Trading Day before the Offer Announcement Date, the daily closing prices of the Shares were at a range of S\$0.111 to S\$0.430. Shareholders who invested at various price points that differ from the issue price at IPO of S\$0.20 are unlikely to have obtained the same returns. Furthermore, each Shareholder would have their own specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints which we are not in a position to regard.

We also wish to highlight that the STI-ETF, which is the alternative investment highlighted in Section 8.8 of the Offer Document, is a market capitalisation-weighted index comprising the top 30 Main Board listed companies based on their market capitalisation on the SGX-ST, and companies from the financial sector constituted approximately 47% of the index as at April 2022¹⁰. Such companies present an entirely different risk-reward profile as compared to the Company. As such, we are of the view that the comparison against and benchmarking of the STI-ETF's returns *vis-à-vis* the total returns for Shareholders since the Company's IPO on 1 April 2020 to the Latest Practicable Date is not exactly meaningful.

9. OUR OPINION

In arriving at our opinion in relation to the Offer, we have considered the views and representations made by the Directors and Management, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Offer. We have carefully considered factors which we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

In determining the fairness of the Offer, we have considered, *inter alia*, the following factors:

- (i) The Offer Price represents a discount of 37.5%, 38.2%, 50.1% to the unaudited NAV, ANAV and RANAV per Share as at 31 January 2022, respectively.
- (ii) The Offer Price is below the historical trailing NAV per Share in the Reference Period.
- (iii) The Shares had consistently traded at a discount to the historical trailing NAV per Share from 26 September 2017.
- (iv) The EV/EBITDA ratio of the Group of 4.71 times, as implied by the Offer Price, is below the range of the EV/EBITDA ratios of the Comparable Companies while the P/NAV, P/ANAV and P/RANAV ratios of the Group are within the range of the relevant ratios of the Comparable Companies.

However, we wish to highlight that all the Comparable Companies were in a net loss position for the trailing 12-month period based on their latest announced annual reports or financial announcements. In contrast, the Group was profitable in FY2021. Furthermore, we also noted that the Comparable Companies were financially geared (gearing ratios ranging from 0.17 time to 2.05 times). The Group had no financial borrowings as at the Latest Practicable Date.

We further note that the current ratio of the Group as at 31 January 2022 was 5.5 times, which was higher than the range of current ratios of the Comparable Companies.

¹⁰ Based on Nikko AM Singapore STI ETF and SPDR Straits Times Index ETF's factsheets in April 2020.

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- (v) The P/NAV, P/ANAV and P/RANAV of the Group of 0.63 time, 0.62 time and 0.50 time respectively, as implied by the Offer Price, are within the range of the relevant ratios for the Precedent Privatisation Transactions, but below the average and median.
- (vi) The Offer Price is below the estimated range of values of the Shares set out in paragraph 8.6 of this IFA Letter.

In determining the reasonableness of the Offer, we have considered, *inter alia*, the following factors:

- (i) The Shares (a) mainly traded above the Offer Price from 1 August 2017 to 25 September 2019; and (b) consistently traded below the Offer Price from the commencement of the Circuit Breaker Period to the Last Trading Day. We further note that the daily closing prices of the Shares have generally trended downwards from 1 August 2017 to 7 April 2020, and such downward trend has reversed since 8 April 2020 to the Last Trading Day.

The market price of the Shares after the Offer Announcement Date may have been supported by the Offer Price. There is, however, no certainty that the upward trend in Share price will continue.

- (ii) The Offer Price represents a discount of approximately 10.9% over the VWAP of the Shares from 1 August 2017 to the Last Trading Day before the Offer Announcement Date. The Offer Price represents premiums of approximately 15.4%, 33.8%, 40.8%, 29.4%, 28.0%, 28.8% and 33.6% over the VWAPs of the Shares for the 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day before the Offer Announcement Date, respectively. The Offer Price represents a premium of approximately 36.1% over the VWAP of the Shares on the Last Trading Day. The Offer Price represents a discount of approximately 0.01% over the VWAP of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date.

The Shares were not actively traded in the relevant periods from 1 August 2017, last 4-year, last 3-year, last 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date. The average daily trading volume of the Shares for the period from 1 August 2017, 4-year, 3-year, 2-year, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day prior to the Offer Announcement Date were in the range of 0.0062% to 0.0581% of the free float of the Shares respectively. As at 12 May 2022, being the Last Trading Day prior to the Offer Announcement Date, the average daily trading volume of the Shares represent 0.0385% of the free float of the Shares.

The average daily traded volume of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date represents approximately 0.2442% of the Company's free float, and the traded volume of the Shares on the Latest Practicable Date represents approximately 0.1923% of the Company's free float. The aforementioned average daily traded volume of Shares appeared to be supported by the Offer.

- (iii) We note that Mr Teo has been holding approximately 84.4% of the total share capital of the Company since 28 September 2015 when he acquired additional shareholding interests of approximately 15.7% from TH Investments Pte Ltd and another unnamed party. As a result, Mr Teo accumulated a significant interest in the Company to the extent that the Company is less than 6 percentage points from crossing the 10% free float threshold as required under Rule 723 of the Listing Manual. The reduction in free float may have had an effect on the Share price performance and trading liquidity of the Shares.

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(iv) The Offer Price represents a premium of 28.8%, 28.0% and 29.4% over the 3-month, 6-month and 12-month VWAPs of the Shares prior to the Last Trading Day respectively, and these are within the range of relevant statistics of the Precedent Privatisation Transactions but lower than the average and median. The Offer Price represents a premium of 33.6% over the 1-month VWAP of the Shares prior to the Last Trading Day, which is within the range of relevant statistics of the Precedent Privatisation Transactions. The Offer Price represents a premium of 36.1% over the last transacted price of the Shares on the Last Trading Day, which is within the range of relevant statistics and close to the average of the Precedent Privatisation Transactions.

(v) The Group is in net cash position and reports sound working capital position during the Reference Period with a relatively robust current ratio of 5.5 times as at 31 January 2022. It has no bank and other borrowings as at the Latest Practicable Date.

The Group's core steel structure business, has continued to remain operationally viable, and financially sound even during the COVID-19 pandemic which saw a mandatory suspension of construction sites during the Circuit Breaker period in Singapore from 7 April 2020 to 1 June 2020. The Group's revenue in FY2020 and FY2021 had remained relatively consistent, compared with its performance in FY2019. The Group consistently recorded profit after tax attributable to owners of the Company from FY2018 to FY2021, 1H2021 and 1H2022, save for in FY2020 which was primarily due to the allowance for impairment or write-off on property, plant and equipment. Based on the Company's press release on 11 March 2022, the Group's order book amounted to approximately S\$187 million, a level which is fairly comparable with the level prior to the pandemic. The Group is expecting the construction industry in Singapore to continue to normalise as Singapore gradually opens its economy and its borders.

(vi) Net cash/Share as at 31 January 2022 represented 26.7% of the Offer Price. Following the completion of the Disposal in 29 March 2022, such net cash/Share component is expected to constitute approximately 43.2% of the Offer Price. The ex-net cash Offer Price (adjusted for Adjusted Net Cash Per Share of S\$0.10 per Share) of S\$0.13 represents a discount of 63.9% to the ex-net cash RANAV per Share of S\$0.36.

(vii) Notwithstanding that the Company does not have a fixed dividend policy, the Company has a consistent track record of paying dividends to its Shareholders for the period from FY2018 to FY2021, albeit in varying amounts.

(viii) There is no publicly available evidence of any alternative offer for the Offer Shares or the Company from any third party as at the Latest Practicable Date. Further, Mr Teo who holds 294,900,000 Shares (representing approximately 84.4% of the Shares in issue, excluding Shares held by the Company in treasury) has provided an irrevocable undertaking to accept the Offer, and therefore it is highly unlikely that there will be any competing offer from a third party.

(ix) As at the Latest Practicable Date, the Offeror and its Concert Parties already have effective statutory control over the Company, with an aggregate shareholding of 84.5% of the total issued share capital.

In the event that the Offeror and its concert parties own or control more than 90% of the Shares in issue pursuant to the Offer, and the Company is no longer able to comply with the Free Float Requirement and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. In addition, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST. As an illustration on the acquisition cost for all Shares not held by the Offeror and Mr Teo as at the Latest

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Practicable Date, the acquisition cost by the Offeror would amount to approximately S\$12.6 million. Such amount is significantly lower than the net cash of S\$34.8 million (including net cash proceeds pursuant to the Disposal as discussed under paragraph 8.2.2 of this IFA Letter) which would represent 43.2% of the Offer Price, on a net cash per Share basis.

- (x) The Offer will provide an exit option for Shareholders who wish to realise their investments in the Shares but face difficulties to do so due to the low trading activity.
- (xi) Other rationale for the Offer as provided by the Offeror as set out in paragraph 8.8.9 in this IFA Letter.
- (xii) We note that there is no indication that the Offer is a final offer from the Offeror.

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Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Offer are on balance, not fair and not reasonable. Accordingly, we advise the Recommending Directors to recommend Shareholders to REJECT the Offer.

In arriving at our opinion, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. 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 objectives or portfolio should consult his/her legal, financial, tax or other professional adviser immediately.

We wish to emphasise that the Directors have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, *inter alia*, relied on the relevant statements contained in the Offer Document, Circular, confirmations, advice and representations by the Directors, the Management and/or their professional advisers (where applicable), and the Company's announcements in relation to the Offer. In addition, Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Offer, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Offer *vis-à-vis* any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer, but any recommendations made by the Recommending Directors in respect of the Offer shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for the purposes (other than for the consideration of the Offer) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion 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
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh
Managing Director

APPENDIX II – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

<u>Name</u>	<u>Address</u>	<u>Designation in the Company</u>
Mr Teo Hock Chwee	c/o 57 Pioneer Road Singapore 628508	Executive Chairman
Ms Chiong Su Been	c/o 57 Pioneer Road Singapore 628508	Executive Director and Chief Financial Officer
Mr Lim Yian Poh	c/o 57 Pioneer Road Singapore 628508	Lead Independent Director
Mr Ling Chien Yien	c/o 57 Pioneer Road Singapore 628508	Independent Director
Mr Leong Yee Yew	c/o 57 Pioneer Road Singapore 628508	Independent Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 28 August 1992 and is listed on the Main Board of the SGX-ST.

As at the Latest Practicable Date, the Company's principal activity is that of an investment holding company and the Group is principally engaged in the design, supply, fabrication and erection of a wide spectrum of structural steelworks for use in the construction of buildings, factories, plants, infrastructures and in the waste management and treatment business.

3. SHARE CAPITAL

3.1 Issued share capital of the Company

The Company has only one (1) class of shares, being ordinary shares.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$24,000,000 comprising 349,500,000 Shares (excluding treasury shares). There are 500,000 treasury shares in the share capital of the Company. The Shares are quoted and listed on the Main Board of the SGX-ST.

3.2 Rights of Shareholders in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Company's Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in Appendix III to this Circular. The Constitution is available for inspection at the registered address of the Company at 57 Pioneer Road, Singapore 628508.

3.3 Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 July 2021, being the end of the last financial year.

3.4 Convertible instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting shares in the Company.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

4. SUMMARY OF FINANCIAL INFORMATION

4.1 Financial Information of the Group

A summary of the audited consolidated statement of comprehensive income of the Group for FY2019, FY2020 and FY2021 and the unaudited consolidated statement of comprehensive income of the Group for the half year ended 31 January 2022 (“HY2022”) is set out below.

The following summary should be read together with the annual reports, the audited consolidated financial statements of the Group for FY2019, FY2020 and FY2021, the HY2022 Unaudited Financial Results, and the related notes thereto. Copies of the above are available for inspection at the registered address of the Company at 57 Pioneer Road, Singapore 628508 during normal business hours for the period during which the Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2021 together with the Independent Auditors’ report and HY2022 Unaudited Financial Results are also set out in Appendix IV and Appendix V to this Circular, respectively.

Consolidated Statement of Comprehensive Income	Audited FY2019 ('000)	Audited FY2020 ('000)	Audited FY2021 ('000)	Unaudited HY2022 ('000)
Revenue	76,562	77,683	75,394	31,300
Cost of sales	(64,521)	(69,754)	(64,100)	(27,146)
Gross profit	12,041	7,929	11,294	4,154
Interest income	583	200	55	29
Other income and gains	2,411	3,202	5,324	933
Administrative expenses	(9,304)	(8,183)	(6,590)	(3,027)
Finance costs	(374)	(854)	(722)	(262)
Other losses	(1,156)	(16,846)	(3,985)	(7)
Profit / (loss) before tax from continuing operations	4,201	(14,552)	5,376	1,820
Income tax expense	(864)	(1,315)	(2,201)	(824)
Profit / (loss) from continuing operations, net of tax	3,337	(15,867)	3,175	996
<u>Other comprehensive (loss) / income:</u>				
Item that will not be reclassified to profit or loss:				
Fair value changes on equity shares at FVTOCI, net of tax	(34)	(766)	855	64
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax	(88)	(695)	(213)	634
Other comprehensive (loss) / income for the year/period, net of tax	(122)	(1,461)	642	698
Total comprehensive income / (loss)	3,215	(17,328)	3,817	1,694
Profit / (loss) attributable to owners of the parent, net of tax				
	3,790	(11,259)	3,380	996
Loss attributable to non-controlling interests, net of tax				
	(453)	(4,608)	(205)	–

APPENDIX II – ADDITIONAL GENERAL INFORMATION

Consolidated Statement of Comprehensive Income	Audited FY2019 ('000)	Audited FY2020 ('000)	Audited FY2021 ('000)	Unaudited HY2022 ('000)
Profit / (loss), net of tax	3,337	(15,867)	3,175	996
Total comprehensive income / (loss) attributable to owners of the parent	3,668	(12,720)	4,022	1,694
Total comprehensive loss attributable to non-controlling interests	(453)	(4,608)	(205)	–
Total comprehensive income / (loss)	3,215	(17,328)	3,817	1,694
Earnings / (losses) per share				
Earnings / (losses) per share currency unit	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Basic and diluted	1.08	(3.22)	0.97	0.80
Net dividends per share⁽¹⁾	0.4	0.4	0.8	–

Note:

- (1) Refers to dividends declared and paid out in respect of the relevant financial year. Final dividends in respect of any financial year are declared after the end of that financial year and are subject to Shareholders' approval at the relevant annual general meeting for that financial year before being paid out to Shareholders.

A summary of the audited consolidated statement of financial position of the Group as at 31 July 2021 is set out below.

The following summary should be read together with the annual report for FY2021, the audited consolidated financial statements of the Group for FY2021, and the related notes thereto. Copies of the above are available for inspection at the registered address of the Company at 57 Pioneer Road, Singapore 628508 during normal business hours for the period during which the Offer remains open for acceptance. The audited consolidated financial statements of the Group for FY2021 together with the Independent Auditors' report are also set out in Appendix IV to this Circular.

Statement of Financial Position	Audited as at 31 July 2021 ('000)
ASSETS	
<u>Non-current assets</u>	
Property, plant and equipment	46,289
Right-of-use assets	7,327
Other financial assets	3,196
Other non-financial assets	843
Total non-current assets	57,655
<u>Current assets</u>	
Inventories	498
Trade and other receivables	24,169
Contract assets	31,843
Assets held for sale	11,578
Other non-financial assets	374
Cash and cash equivalents	38,030
Total current assets	106,492
Total assets	164,147

APPENDIX II – ADDITIONAL GENERAL INFORMATION

Statement of Financial Position	Audited as at 31 July 2021 (‘000)
<u>EQUITY AND LIABILITIES</u>	
<u>Equity attributable to owners of the parent</u>	
Share capital	22,890
Retained earnings	107,919
Other reserves	(1,131)
Equity, attributable to owners of the parent	129,678
Non-controlling interests	6
Total equity	129,684
<u>Non-current liabilities</u>	
Deferred tax liabilities	1,595
Lease liabilities	7,305
Other financial liabilities	4,709
Total non-current liabilities	13,609
<u>Current liabilities</u>	
Income tax payable	1,929
Trade and other payables	17,143
Lease liabilities	379
Other financial liabilities	1,357
Contract liabilities	46
Total current liabilities	20,854
Total liabilities	34,463
Total equity and liabilities	164,147

4.2 Material changes in financial position

Save as disclosed in this Circular, the Offer Document and publicly available information on the Company (including but not limited to the annual report of the Company for FY2021 and announcements released by the Company on the SGXNET), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 July 2021, being the date to which the last published audited financial statements of the Company were made up.

4.3 Significant accounting policies

The audited consolidated financial statements of the Group for FY2021 have been prepared in accordance with the provisions of the Companies Act and Singapore Financial Reporting Standards (International). The significant accounting policies of the Group, which are disclosed in note 2 of the audited consolidated financial statements of the Group for FY2021, are reproduced in Appendix IV to this Circular.

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to that contained in the audited financial statements of the Company for FY2019, FY2020 and FY2021), there were no significant accounting policies or any points from the notes to the financial statements of the Company which are of major relevance for the interpretation of the accounts.

4.4 Changes in accounting policies

As at the Latest Practicable Date, save as publicly disclosed, there has been no change in the accounting policies of the Company which will cause the figures in the financial statements of the Company to be not comparable to a material extent.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Group in the Offeror Securities

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has any direct or deemed interest in any of the Offeror Securities.

5.2 Dealings in the Offeror Securities by the Group

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has dealt for value in any of the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of the Directors in the Offeror Securities

Save as disclosed below in respect Mr Teo Hock Chwee, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any of the Offeror Securities.

The following information has been extracted from Section 6 of the Offer Document:

“6.1. Offeror. The Offeror is an investment holding company incorporated in Singapore on 15 February 2022. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$100.00, consisting of 100 ordinary shares, which are held solely by Mr Teo. The sole director of the Offeror is Mr Teo.”

5.4 Dealings in the Offeror Securities by the Directors

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

5.5 Interests of the Directors in the Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any of the Securities:

Directors	Direct Interest		Deemed Interest	
	No. of Shares held	Shareholding (%) ⁽¹⁾	No. of Shares held	Shareholding (%)
Mr Teo Hock Chwee	294,900,000	84.4	–	–
Ms Chiong Su Been	1,115,000	0.32	–	–

Note:

(1) Based on the total issued and paid-up ordinary share capital of 349,500,000 Shares (excluding Shares held by the Company in treasury) as at the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

5.6 Dealings in the Securities by the Directors

None of the Directors has dealt for value in any of the Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Mr Teo Hock Chwee had, on 23 March 2022, effected a transfer of 50,000,000 Shares from his securities account held with a sub-depository agent as his nominee to his direct account held with CDP. Following this transfer, Mr Teo Hock Chwee's deemed interest in the said 50,000,000 Shares became a direct interest. No consideration was paid or received in connection with such transfer.

5.7 Interests of the IFA in the Securities

As at the Latest Practicable Date, the IFA and funds whose investments are managed by it on a discretionary basis do not own or control any of the Securities.

5.8 Dealings in the Securities by the IFA

As at the Latest Practicable Date, the IFA and funds whose investments are managed by it on a discretionary basis have not dealt for value in any of the Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.9 Directors' Intentions

The Directors who are also Shareholders have indicated their intention in respect of voting and/or accepting or declining the Offer in respect of their respective holdings of Shares as at the Latest Practicable Date, as follows:

- (a) as set out in the Offer Document, pursuant to the Irrevocable Undertaking, Mr Teo Hock Chwee has undertaken to amongst others, (a) accept the Offer in respect of all Shares held by him (directly or indirectly or through a nominee); and (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that he may acquire (directly or indirectly or through a nominee), or which may be allocated or issued to him (directly or indirectly or through a nominee), on or after the date of the Irrevocable Undertaking; and
- (b) Ms Chiong Su Been has informed the Company that she intends to accept the Offer in respect of all the Shares held by her and will be tendering her acceptance of the Offer in respect of all the Shares held by her.

Save for Mr Teo Hock Chwee and Ms Chiong Su Been, none of the Directors has any direct or deemed interest in the Shares.

5.10 Directors' service contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period between the start of the six (6) months preceding the Offer Announcement Date and the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

5.11 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 any 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, the Irrevocable Undertaking given by Mr Teo Hock Chwee, 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, and the Irrevocable Undertaking given by Mr Teo Hock Chwee, none of the Directors has any 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 in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), neither the Company nor its subsidiaries has entered into any material contract (other than in the ordinary course of business) with interested persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Group, taken as a whole.

8. VALUATION OF SUBJECT PROPERTIES

The Company had commissioned the following valuers to carry out an independent valuation of the Subject Properties as set out below. Such valuations have been included as part of the IFA's consideration in the IFA Letter.

Independent valuer (collectively, the “Independent Valuers”)	Subject property	Valuation under the respective Valuation Reports
Knight Frank Pte Ltd	Leasehold land with factory, workers' dormitory, office and other ancillary structures situated at 57 Pioneer Road Singapore 628508	S\$ 36,000,000
	Leasehold land with factory, partially completed production line building and other ancillary structures situated at 51 Shipyard Crescent Singapore 627809 (collectively, the “Singapore Subject Properties”)	S\$ 14,000,000

APPENDIX II – ADDITIONAL GENERAL INFORMATION

Independent valuer (collectively, the “Independent Valuers”)	Subject property	Valuation under the respective Valuation Reports
PA International Property Consultants Sdn Bhd	<p>Leasehold land with factory buildings and other ancillary structures situated at PLO 522, Jalan Keluli 7, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia</p> <p style="text-align: center;">(the “Malaysia Subject Property”)</p>	RM 49,110,000
Knight Frank Chartered (Thailand) Company Limited	<p>Freehold land with factory building, other improvements, and machinery and equipment situated at No. 345 Moo 7, within the ‘Gateway City Industrial Estate’, located on Highway No. 331 (Sattahip - Khao Hin Son Road), within Hua Samrong Sub-district, Plaeng Yao District, Chachoengsao Province, Thailand</p> <p style="text-align: center;">(the “Thailand Subject Property” and together with the Singapore Subject Properties and the Malaysia Subject Property, collectively, the “Subject Properties”)</p>	THB 192,200,000

The Valuation Reports are reproduced in Appendix VI to this Circular. The basis of valuation of each of the Subject Properties is set out in the respective Valuation Reports.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

Based on information provided to the Company by the Independent Valuers:

- (a) the Company does not expect any potential tax liabilities to be incurred by the Group arising from a hypothetical disposal of the Singapore Subject Properties as there is no capital gains tax in Singapore. In addition, the Singapore Subject Properties are for the Group’s own use and are not intended for sale; and
- (b) the estimated potential tax liabilities that may be incurred by the Group arising from a hypothetical disposal of the Malaysia Subject Property and the Thailand Subject Property amount to approximately \$0.8 million. However, the aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Malaysia Subject Property and the Thailand Subject Property. As at the Latest Practicable Date, the Company has no immediate plans to dispose of its interests in the Subject Properties, and as such, the aforesaid tax liabilities are not likely to crystallise.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

9. GENERAL INFORMATION

- (a) All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- (b) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its advice to the Recommending Directors set out in Section 12.3 of this Circular, the IFA letter (as set out in Appendix I to this Circular), and all references thereto, in the form and context in which they appear in this Circular.
- (c) Knight Frank Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the reproduction of its Valuation Report dated 14 June 2022 (as set out in Appendix VI to this Circular) in the form and context in which they appear in this Circular.
- (d) PA International Property Consultants Sdn Bhd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the reproduction of its Valuation Report dated 13 June 2022 (as set out in Appendix VI to this Circular) in the form and context in which they appear in this Circular.
- (e) Knight Frank Chartered (Thailand) Company Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the reproduction of its Valuation Report dated 24 May 2022 (as set out in Appendix VI to this Circular) in the form and context in which they appear in this Circular.
- (f) The Independent Auditors have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their name, the reproduction of the Independent Auditors' report in relation to the audited consolidated financial statements of the Group for FY2021 (as set out in Appendix IV to this Circular) and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 57 Pioneer Road, Singapore 628508 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021;
- (c) the HY2022 Unaudited Financial Results;
- (d) the IFA Letter;
- (e) the Valuation Reports, together with the formal comprehensive valuation reports in respect of each of the Subject Properties; and
- (f) the letters of consent from the IFA, each of the Independent Valuers and the Independent Auditors as set out in Paragraph 9 of Appendix II to this Circular.

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are reproduced in italics below.

(A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

ISSUE OF SHARES

- 3 *Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Regulation 6, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration or for no consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*
- (a) *no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in General Meeting;*
 - (b) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 6(A) with such adaptations as are necessary shall apply; and*
 - (c) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
- 4 (A) *In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares and 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 the capital or winding-up or sanctioning a sale of the undertaking of the Company or where 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

- 5 (A) *Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, be varied or abrogated either with the consent in writing of the holders of three-quarters of the total number of 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 varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, save as provided hereunder and unless required by Applicable Laws, all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total number of issued shares of the class and that any holder of*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the total number of 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. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (B) *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned Provided always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.*
- (C) *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

- 6 (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited (or any other stock exchange upon which the shares in the Company may be listed), all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. 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 Regulation 6(A).*
- (B) *Notwithstanding Regulation 6(A), the Company may pursuant to Section 161 of the Act 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:*
 - (a) *shares in the capital of the Company (whether by way of bonus, rights or otherwise);*
 - (b) *convertible securities;*
 - (c) *additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues (notwithstanding that the general authority may have ceased to be in force at the time the securities are issued) Provided that the*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

adjustment does not give the holder a benefit that a shareholder does not receive; or

- (d) *shares arising from the conversion of convertible securities in (b) and (c) above (notwithstanding that the general authority may have ceased to be in force at the time the securities are to be issued), at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit Provided that the aggregate number of shares and convertible securities to be issued pursuant to such authority does not exceed such limit(s) as may be prescribed or permitted by the Singapore Exchange Securities Trading Limited (or any other stock exchange upon which the shares in the Company may be listed); and unless previously revoked or varied by the Company in General Meeting, such authority to issue shares and convertible securities 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 Act (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the Applicable Laws and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
- 7 (A) *The Company may by Ordinary Resolution:*

 - (a) *consolidate and divide all or any of its share capital;*
 - (b) *cancel any number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;*
 - (c) *subject to the Applicable Laws and this Constitution, sub-divide its shares, or any of them so that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any shares 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 such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; or*
 - (d) *subject to the Applicable Laws, convert its share capital or any class of shares from one currency to another currency.*
- (B) *The Company may by Special Resolution, subject to and in accordance with the Applicable Laws, convert one class of shares into another class of shares.*
- 8 (A) *The Company may reduce its share capital or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *Subject to and in accordance with the Applicable Laws, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall, unless held by the Company as treasury shares in accordance with the Act, be deemed to be cancelled immediately on*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold and/or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

SHARES

- 9 *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.*
- 10 *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.*
- 11 *Subject to the provisions of this Constitution and of the Act relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
- 12 *The Company may pay such commissions or brokerage as may be lawful on any issue of shares at such rate or amount 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.*
- 13 *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 and/or deal with its treasury shares in the manner authorised or prescribed by the Act.*
- 14 *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any stock exchange upon which the shares in the Company may be listed) of any such application. The term "market day" shall have the meaning ascribed to it in Regulation 17. 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 or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, 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.*

SHARE CERTIFICATES

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

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- 16 (A) *The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.*
- (B) *In the case of a share registered jointly in the names of 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 registered joint holders shall be sufficient delivery to all.*
- 17 *Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed) or within 15 market days after the date of lodgement of a registrable transfer (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) 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 issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 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. For the purposes of this Regulation 17, the term "market day" shall mean a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.*
- 18 (A) *Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.*
- (B) *If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation 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.*
- (C) *In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.*
- 19 *Subject to the provisions of the Act, 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 firm or member company of any stock exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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

- 20 *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 authorising the call was passed and may be made payable by instalments.*
- 21 *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.*
- 22 *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 determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
- 23 *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 this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
- 24 *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.*
- 25 *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, while carrying interest, confer a right to participate in profits.*

TRANSFER OF SHARES

- 35 *All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any stock exchange upon which the Company may be listed or any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
- 36 *The Register of Members may be closed at such times and for such period as the Directors may from time to time determine Provided always that such Register shall not be closed for more than 30 days in any year Provided always that the Company shall give prior notice of such closure as may be required to any stock exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- 37 (A) *There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any stock exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any stock exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month beginning with the day 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 Act.*
- (B) *The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:*
- (a) *all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require pursuant to Regulation 40, is paid to the Company in respect thereof;*
 - (b) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;*
 - (c) *the instrument of transfer is in respect of only one class of shares; and*
 - (d) *the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.*
- 38 *If the Directors refuse to register a transfer of any shares, they shall within ten market days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal and the precise reasons therefor, as required by the listing rules of any stock exchange upon which shares in the Company may be listed and any other Applicable Laws.*
- 39 *All instruments of transfer which are registered may be retained by the Company.*
- 40 *There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or 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 \$2 as the Directors may from time to time require or prescribe.*
- 41 *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 years 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 duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in*

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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 Regulation; and*
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

TRANSMISSION OF SHARES

- 42 (A) *In the case of the death of a member whose name is entered in the Register of Members, 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.*
 - (B) *In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
 - (C) *Nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
- 43 *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*
- 44 *Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Regulation 42(A) or (B) or Regulation 43 (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 the member in respect 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 the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*

STOCK

- 45 *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.*

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- 46 *The holders of stock may transfer the same or any part thereof in the same manner and subject to the Constitution and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
- 47 *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards 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 OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

RESERVES

- 119 *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 part 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 of the Act.*

DIVIDENDS

- 120 *The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.*
- 121 *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.*
- 122 *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Regulation, no amount paid on a share in advance of calls shall be treated as paid on the share.*
- 123 *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Act.*
- 124 *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
- 125 (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*

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- (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.*
- (C) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.*
- 126 *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 shareholder (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.*
- 127 *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 in 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 members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
- 128 (A) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*
- (a) *the basis of any such allotment shall be determined by the Directors;*
- (b) *the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;*
- (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded Provided that the Directors may determine, either generally or in any specific*

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case, that such right shall be exercisable in respect of the whole or any part of that portion;

- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 132, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Regulation shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*

(b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.*
- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (E) Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Regulation in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Regulation.*

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- 129 *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 a 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 at 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. Notwithstanding the foregoing provisions of this Regulation and the provisions of Regulation 131, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
- 130 *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.*
- 131 *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.*

CAPITALISATION OF PROFITS AND RESERVES

- 132 (A) *The Directors may, with the sanction of an Ordinary Resolution of the Company including any Ordinary Resolution passed pursuant to Regulations 7(A) and 7(B), capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or other undistributable reserve or to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other.*
- (B) *The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

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(C) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

- 48 *Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year in the Republic of Singapore, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.*
- 49 *The Directors may whenever they think fit, and shall on requisition in accordance with the Act, proceed with proper expedition to convene an Extraordinary General Meeting.*

NOTICE OF GENERAL MEETINGS

- 50 *Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereafter mentioned to all members other than such as are not under the provisions of this Constitution entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*

- (a) *in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total number of shares giving that right,*

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any stock exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the Company may be listed.

- 51 (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 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 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.*

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- 52 *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 financial statements, the Directors' statement, the Auditors' report and other documents required to be attached or annexed to the financial statements;*
 - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
 - (d) *appointing or re-appointing the Auditors;*
 - (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) *fixing the fees of the Directors proposed to be passed under Regulation 78.*
- 53 *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

- 54 *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 the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
- 55 *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 or more members present in person or by proxy (but shall, as required by the Act, exclude the Company where it is a member by reason of its holding of treasury shares).*
- 56 *If within 30 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. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*
- 57 *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 30 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.*

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- 58 *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 meeting.*
- 59 *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.*
- 60 (A) *If required by the listing rules of any stock exchange upon which the shares in the Company may be listed, all resolutions at General Meetings shall be voted by poll, unless such requirement is waived by the stock exchange.*
- (B) *Subject to Regulation 60(A), at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:*
- (a) *the chairman of the meeting; or*
- (b) *not less than two members present in person or by proxy and entitled to vote; or*
- (c) *a member or members present in person or by proxy and representing not less than five per cent of the total voting rights of all the members having the right to vote at the meeting; or*
- (d) *a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting and being shares not less than five per cent of the total sum paid on all the shares conferring that right.*
- 61 *A demand for a poll made pursuant to Regulation 60(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman 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 or if required by the listing rules of any stock exchange upon which shares in the Company may be listed 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.*
- 62 *In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or the show of hands takes place shall be entitled to a casting vote.*
- 63 *A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.*

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VOTES OF MEMBERS

- 64 *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company and to Regulation 13, each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:*
- (a) *on a poll, have one vote for every share which he holds or represents; and*
 - (b) *on a show of hands, have one vote, Provided always that:*
 - (i) *in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
 - (ii) *in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

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

- 65 *In the case of joint holders of a share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members or the Depository Register, as the case may be, in respect of such share shall alone be entitled to vote in respect thereof. For this purpose, several executors or administrators of a deceased shareholder in whose name any share stands shall be deemed joint holders thereof.*
- 66 *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 member 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.*
- 67 *No member shall, unless the Directors otherwise determine, 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 presently payable by him to the Company in respect of such shares remains unpaid.*
- 68 *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.*
- 69 *On a poll, votes may be given 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.*

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- 70 (A) *Save as otherwise provided in the Act:*
- (a) *A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy;-and*
 - (b) *a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (B) *In any case where the member is a Depositor, the Company shall be entitled and bound:*
- (a) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (C) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (D) *A proxy need not be a member of the Company.*
- 71 (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve, subject to the listing rules of any stock exchange upon which shares in the Company may be listed and:*
- (a) *in the case of an individual, shall be:*
 - (i) *signed by the appointor or his attorney if the instrument is delivered personally or by post; or*
 - (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*
 - (b) *in the case of a corporation, shall be:*
 - (i) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or by post; or*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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

The Directors may, for the purposes of Regulations 71(A)(a)(ii) and 71(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (B) *The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 72(A), failing which the instrument may be treated as invalid.*

- (C) *The Directors may, in their absolute discretion:*

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

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

as contemplated in Regulations 71(A)(a)(ii) and 71(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Regulation 71(A)(a)(i) and/or, as the case may be, Regulation 71(A)(b)(i) shall apply.

- 72 (A) *An instrument appointing a proxy:*

- (a) *if sent personally or by post, 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); or*

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

and, in either case, not less than 72 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 an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with the provisions of this Constitution for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

- (B) *The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 72(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Regulation 72(A)(a) shall apply.*

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- 73 *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
- 74 *A vote cast by proxy shall not be invalidated by the previous death or mental disorder 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, mental disorder 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

- 75 *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 this Constitution be deemed to be present in person at any such meeting if a person so authorised is present thereat.*

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 July 2021.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

2. Directors

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

Teo Hock Chwee
Chiong Su Been
Lim Yian Poh
Ling Chien Yien
Leong Yee Yew

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct interest	
	At beginning of the reporting year	At end of the reporting year
<u>The Company – T T J Holdings Limited</u>	<u>Number of shares of no par value</u>	
Teo Hock Chwee	179,900,000	209,900,000
Chiong Su Been	1,115,000	1,115,000

Name of directors and companies in which interests are held	Deemed interest	
	At beginning of the reporting year	At end of the reporting year
<u>The Company – T T J Holdings Limited</u>	<u>Number of shares of no par value</u>	
Teo Hock Chwee	115,000,000	85,000,000

STATEMENT BY DIRECTORS

3. Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Act, Mr Teo Hock Chwee with interests is deemed to have an interest in the Company and in all the related body corporate of the Company.

The directors' interests as at 20 August 2021 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

The T T J Employee Share Option Scheme (the "Scheme") for selected directors and full-time employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting in January 2010 and renewed at the Company's Annual General Meeting in November 2019.

The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well-being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, selected directors and full-time employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are however not eligible to participate in the Scheme.

The Scheme is administered by the Remuneration Committee whose members are:

Leong Yee Yew (Chairman)
Lim Yian Poh
Ling Chien Yien

The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank and responsibilities with the Group, performance, years of service and potential for future development of the employee, and the performance of the Group. Of the total number of shares available under the Scheme and the aggregate number of shares which may be offered to each participant, no participant shall be entitled to more than 10% of the shares available under the Scheme.

STATEMENT BY DIRECTORS

5. Options (cont'd)

The total number of options to be granted by the Remuneration Committee in any one reporting year shall not exceed 40% of the total number of options which may be granted under the Scheme.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Yian Poh	(Chairman of Audit Committee)
Ling Chien Yien	(Independent director)
Leong Yee Yew	(Independent director)

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next Annual General Meeting of the Company.

STATEMENT BY DIRECTORS

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 July 2021.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 September 2021, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Teo Hock Chwee
Director

Chiong Su Been
Director

30 September 2021

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of T T J Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 July 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Key audit matters (cont’d)

1. Revenue recognised over time

Please refer to Note 2A on significant accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties, and Note 5 on revenue.

Revenue from construction contracts is recognised over time by measuring the progress toward complete satisfaction of that performance obligation. The revenue is recognised over time by using the input method based on the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation. Assessing the satisfaction of performance obligations over time requires judgment for selecting a method (output or input methods) for measuring progress and the consideration of a few criteria that should be met to qualify such as whether the entity has transferred physical possession of the assets, whether the customer presently is obligated to pay for the asset, whether the customer has legal title, whether the customer has assumed the significant risks and rewards of ownership of the asset, and whether the customer has accepted the asset. Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material and in particular arising from the volatility in market and economic conditions brought on by the on-going COVID-19 pandemic.

We performed audit procedures on individually significant projects, including discussions with project managers on the terms of the contracts, on the status and impact of COVID-19 pandemic on the projects to understand the basis for the key assumptions used in forming the revised project completion timelines and the revised estimated contract costs. We evaluated management’s assumptions and estimates in the determination of amongst others the stage of completion of a project, estimates of cost to complete, and estimates of variation orders that can be recognised. Where relevant, we agreed to third party contracts for work contracted or to supporting documents. We also recalculated the stage of completion based on the total costs incurred to date compared to the total budgeted costs and performed re-computation of revenue to be recognised for the reporting year.

2. Impairment assessment of investment in subsidiary, trade and other receivables and property, plant and equipment in relation to the Waste Management and Treatment Segment (“Segment”)

Please refer to Note 2C on critical judgements, assumptions and estimation uncertainties for the measurement of impairment of subsidiaries, allowance for trade and other receivables and impairment of property, plant and equipment, Note 16 for investments in subsidiaries, Note 21 for trade and other receivables, Note 17 for other receivables and Note 14 for property, plant and equipment as at the reporting year end.

T T J Green Energy Pte. Ltd. (“TTJGE”) is the investment holding company of T T J Green Energy (M) Sdn. Bhd. (“TTJGEM”), T T J Biomass Pte. Ltd. (“TTJB”), T T J Greenfuel Pte. Ltd. (“TTJGF”) and T T J Green Energy (Thailand) Co., Ltd (“TTJGET”) (collectively known as “TTJGE Group”).

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Key audit matters (cont’d)

2. Impairment assessment of investment in subsidiary, trade and other receivables and property, plant and equipment in relation to the Waste Management and Treatment Segment (“Segment”) (cont’d)

Investment in TTJGE and trade and other receivables from TTJGE Group

The carrying amount of the investment in TTJGE was fully impaired as at 31 July 2021. The Company has trade and other receivables amounting \$4,367,000, \$4,676,000 and \$2,324,000 due from TTJGE, TTJGF and TTJGET respectively, and totalling \$11,367,000 as at 31 July 2021.

For the non-performing subsidiaries or if they have net equity deficit, the Company will have exposure to loss on cost of investment and the expected credit loss allowance on receivables from the subsidiaries. Any impairment loss allowances on the investment in subsidiaries and the expected credit loss allowance on the related receivables have to be recognised in the Company’s separate financial statements. Significant judgements are required in estimating the recoverable amounts.

Management made a comparison of carrying value of the investment in TTJGE and trade and other receivables with the Company’s share of net assets or liabilities of the respective subsidiary to identify any indicators of impairment. Where indicators of impairment were identified, management determined the recoverable amounts and assessed whether impairment was required.

In determining whether any impairment was required, management obtained valuation reports from independent valuation firms on property held by TTJGF and property, plant and equipment held by TTJGET to determine the recoverable amounts within TTJGE Group.

We assessed management’s basis to determine any impairment loss allowance of the investment in TTJGE and the expected credit loss allowance on related receivables through discussions with management on the prospects and future plans of TTJGE Group, including review of the valuation reports obtained as detailed below. We have also assessed the adequacy of the disclosures made in the financial statements.

Carrying value of property, plant and equipment in TTJGF and TTJGET

TTJGF and TTJGET are in loss-making position for the reporting year ended 31 July 2021. The carrying value of property held by TTJGF amounted to \$14,300,000 and carrying value of property, plant and equipment held by TTJGET amounted to \$8,202,000 as at 31 July 2021.

For the purpose of assessment of impairment loss allowance in relation to the property, plant and equipment, management obtained valuation reports from independent valuation firms in June 2021 and determined the fair value of the property, plant and equipment as at 31 July 2021. The valuation of the property, plant and equipment is a key audit matter because it involves the use of a range of estimates made by management and the independent valuers. In addition, there was an increase in uncertainty in determining the valuation of the property, plant and equipment as at 31 July 2021 arising from the volatility in market and economic conditions brought on by the on-going COVID-19 pandemic.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Key audit matters (cont’d)

2. **Impairment assessment of investment in subsidiary, trade and other receivables and property, plant and equipment in relation to the Waste Management and Treatment Segment (“Segment”) (cont’d)**

Carrying value of property, plant and equipment in TTJGF and TTJGET (cont’d)

As part of our audit procedures, we reviewed the valuation reports issued by the independent valuers. We also assessed the objectivity and competency of the independent valuers. With the assistance of our internal specialist, we held discussions with the independent valuers and management to understand and evaluate the appropriateness of the valuation methodologies applied, assumptions and inputs used, including key valuation adjustments made in response to the uncertainties in the market and economic conditions that are also affected by the on-going COVID-19 pandemic and the overall results of the valuations.

We have also assessed the adequacy of the disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Statement by Directors and annual report, but does not include the financial statements and our auditor’s report thereon. The annual report is expected to be made available to us after the date of the auditor’s report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Auditor’s responsibilities for the audit of the financial statements (cont’d)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Chua Ling Ling.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2021

Engagement partner - effective from year ended 31 July 2018

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE
GROUP FOR FY2021**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 JULY 2021

		Group	
	Notes	2021 \$'000	2020 \$'000
Revenue	5	75,394	77,683
Cost of sales		(64,100)	(69,754)
Gross profit		11,294	7,929
Interest income	6	55	200
Other income and gains	7	5,324	3,202
Administrative expenses	8	(6,590)	(8,183)
Finance costs	10	(722)	(854)
Other losses	7	(3,985)	(16,846)
Profit / (loss) before tax from continuing operations		5,376	(14,552)
Income tax expense	11	(2,201)	(1,315)
Profit / (loss) from continuing operations, net of tax		3,175	(15,867)
Other comprehensive income / (loss):			
Item that will not be reclassified to profit or loss:			
Fair value changes on equity shares at FVTOCI, net of tax	18	855	(766)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(213)	(695)
Other comprehensive income / (loss) for the year, net of tax		642	(1,461)
Total comprehensive income / (loss)		3,817	(17,328)
Profit / (loss) attributable to owners of the parent, net of tax		3,380	(11,259)
Loss attributable to non-controlling interests, net of tax		(205)	(4,608)
Profit / (loss), net of tax		3,175	(15,867)
Total comprehensive income / (loss) attributable to owners of the parent		4,022	(12,720)
Total comprehensive loss attributable to non-controlling interests		(205)	(4,608)
Total comprehensive income / (loss)		3,817	(17,328)
Earnings / (losses) per share			
Earnings / (losses) per share currency unit		Cents	Cents
Basic and diluted	13	0.97	(3.22)

The accompanying notes form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE
GROUP FOR FY2021**

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	46,289	63,570	–	–
Right-of-use assets	15	7,327	7,817	–	–
Investments in subsidiaries	16	–	–	5,920	6,145
Other receivables	17	–	–	16,885	26,328
Other financial assets	18	3,196	2,259	3,196	2,259
Other non-financial assets	19	843	869	–	–
Total non-current assets		57,655	74,515	26,001	34,732
Current assets					
Inventories	20	498	399	–	–
Trade and other receivables	21	24,169	14,415	2,481	744
Contract assets	22	31,843	32,572	–	–
Assets held for sale	23	11,578	–	–	–
Other non-financial assets	24	374	458	32	36
Cash and cash equivalents	25	38,030	36,196	5,663	7,888
Total current assets		106,492	84,040	8,176	8,668
Total assets		164,147	158,555	34,177	43,400
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	26	22,890	22,890	22,890	22,890
Retained earnings		107,919	104,743	9,480	20,127
Other reserves	27	(1,131)	(1,773)	804	(51)
Equity, attributable to owners of the parent		129,678	125,860	33,174	42,966
Non-controlling interests		6	1,405	–	–
Total equity		129,684	127,265	33,174	42,966
Non-current liabilities					
Deferred tax liabilities	11	1,595	1,535	–	–
Lease liabilities	28	7,305	7,644	–	–
Other financial liabilities	29	4,709	5,016	–	–
Total non-current liabilities		13,609	14,195	–	–
Current liabilities					
Income tax payable		1,929	1,086	110	292
Trade and other payables	30	17,143	13,485	893	142
Lease liabilities	28	379	366	–	–
Other financial liabilities	29	1,357	1,726	–	–
Contract liabilities	22	46	432	–	–
Total current liabilities		20,854	17,095	1,003	434
Total liabilities		34,463	31,290	1,003	434
Total equity and liabilities		164,147	158,555	34,177	43,400

The accompanying notes form an integral part of these financial statements.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 JULY 2021

Group	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Non-controlling interests \$'000
Current year:						
Opening balance at 1 August 2020	127,265	125,860	22,890	104,743	(1,773)	1,405
Changes in equity:						
Total comprehensive income / (loss) for the year	3,817	4,022	–	3,380	642	(205)
Acquisition of non-controlling interest without a change in control	–	1,194	–	1,194	–	(1,194)
Dividends paid (Note 12)	(1,398)	(1,398)	–	(1,398)	–	–
Closing balance at 31 July 2021	129,684	129,678	22,890	107,919	(1,131)	6
Previous year:						
Opening balance at 1 August 2019	143,207	139,978	22,890	117,400	(312)	3,229
Changes in equity:						
Total comprehensive loss for the year	(17,328)	(12,720)	–	(11,259)	(1,461)	(4,608)
Disposal of subsidiary (Note 31)	2,784	–	–	–	–	2,784
Dividends paid (Note 12)	(1,398)	(1,398)	–	(1,398)	–	–
Closing balance at 31 July 2020	127,265	125,860	22,890	104,743	(1,773)	1,405

Company	Total equity \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000
Current year:				
Opening balance at 1 August 2020	42,966	22,890	20,127	(51)
Changes in equity:				
Total comprehensive (loss) / income for the year	(8,394)	–	(9,249)	855
Dividends paid (Note 12)	(1,398)	–	(1,398)	–
Closing balance at 31 July 2021	33,174	22,890	9,480	804
Previous year:				
Opening balance at 1 August 2019	57,136	22,890	33,531	715
Changes in equity:				
Total comprehensive loss for the year	(12,772)	–	(12,006)	(766)
Dividends paid (Note 12)	(1,398)	–	(1,398)	–
Closing balance at 31 July 2020	42,966	22,890	20,127	(51)

The accompanying notes form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE
GROUP FOR FY2021**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 JULY 2021

	Group	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Profit / (loss) before tax	5,376	(14,552)
Adjustments for:		
Interest expense	722	854
Interest income	(55)	(200)
Amortisation of lease premium	26	26
Allowance for impairment on property, plant and equipment	3,145	7,596
Depreciation of property, plant and equipment	3,342	3,474
Depreciation of right-of-use assets	530	629
Dividend income	(85)	(139)
Gain on disposal of plant and equipment	(67)	(17)
Loss on disposal of subsidiary	–	2,253
Property, plant and equipment written off	2	4,206
Operating cash flows before changes in working capital	12,936	4,130
Trade and other receivables and contract assets	(8,761)	8,448
Inventories	(86)	191
Trade and other payables and contract liabilities	3,398	(4,502)
Net cash flows from operations	7,487	8,267
Income taxes paid	(1,301)	(696)
Income taxes refund	7	–
Net cash flows from operating activities	6,193	7,571
Cash flows from investing activities		
Dividend received	6	108
Purchase of property, plant and equipment	(1,622)	(6,930)
Proceeds from disposal of plant and equipment	67	31
Interest received	55	200
Net cash flows used in investing activities	(1,494)	(6,591)
Cash flows from financing activities		
(Decrease) / increase in bill payables	(263)	85
Interest paid	(722)	(854)
Disposal of subsidiary, net of cash	–	(198)
Repayment of borrowings	–	(1,247)
Repayment of finance lease obligations	–	(11)
Repayment of lease liabilities – principal	(366)	(419)
Dividend paid to equity owners	(1,398)	(1,398)
Net cash flows used in financing activities	(2,749)	(4,042)
Net increase / (decrease) in cash and cash equivalents	1,950	(3,062)
Cash and cash equivalents, statement of cash flows, beginning balance	36,196	39,329
Net effect of exchange rate changes on cash and cash equivalents	(116)	(71)
Cash and cash equivalents, statement of cash flows, ending balance (Note 25)	38,030	36,196

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the Company (referred to as “parent”) and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

The registered office is: 57 Pioneer Road, Singapore 628508. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 2C, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Distinct goods or services created over time – For long-term service contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised based on the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Dividend from equity instruments – Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Construction work-in-progress	–	Not depreciated
Freehold land	–	Not depreciated
Freehold property and improvements	–	3.70%
Leasehold lands	–	Over the terms of lease that is 3.33%
Leasehold properties and improvements	–	Over the terms of lease that are from 1.67% to 23.30%
Plant, fixtures and equipment	–	10% to 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rates of depreciation are as follows:

Leasehold lands	–	Over the terms of lease that are from 2.83% to 6.49%
Leasehold properties	–	Over the terms of lease that are from 21.82% to 50%
Plant, fixtures and equipment	–	20% to 57.14%

Leases of lessee

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (first in first out method or weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at fair value through profit or loss ("FVTPL"): There were no financial assets classified in this category at reporting year end date.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss ("FVTPL") in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Provisions for losses on contracts – When the current estimates of the total amount of consideration expected to be received in exchange for transferring promised goods or services to the customer, and contract cost indicate a loss, a provision for the entire loss on the contract is made as soon as the loss becomes evident. An adjustment is also made to reflect the effects of the customer's credit risk. The loss on a contract is reported as an additional contract cost (an operating expense), and not as a reduction of revenue or a non-operating expense.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Revenue recognised over time:

The entity has revenue where the performance obligation is satisfied over time. Revenue is recognised over time by measuring the progress toward complete satisfaction of that performance obligation. A single method is applied consistently for measuring progress for each performance obligation satisfied over time. Judgment is required when selecting a method (output or input methods) for measuring progress toward complete satisfaction of a performance obligation. Assessing the satisfaction of performance obligations over time requires judgment and the consideration of a few criteria that should be met to qualify such as whether the customer presently is obligated to pay for an asset, whether the customer has legal title, whether the entity has transferred physical possession of the asset, whether the customer has assumed the significant risks and rewards of ownership of the asset, and whether the customer has accepted the asset. Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 22 on revenues and contract assets and contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Contract modifications:

A contract with a customer is accounted for as a separate contract if (1) the scope of the contract increases because of the addition of promised goods or services that are distinct and (2) the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services. In order to faithfully depict the entity's rights and obligations arising from a modified contract, the modifications may be accounted for some prospectively and others on a cumulative catch-up basis. The accounting for the modification depends on whether the additional promised goods or services are distinct. The accounting for contract modification requires judgement. In addition, if the entity has not yet determined the price, management has to estimate the change to the transaction price arising from the contract modification using the variable consideration guidance in the financial reporting standard. Contract modifications may have a significant impact on the entity's ability to record revenue. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 22 on revenues and contract assets and liabilities.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amounts of the specific asset or class of assets at the end of the reporting year affected by the assumption are disclosed in the Note 16 on investments in subsidiaries.

Allowance for trade receivables and contract assets:

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit losses. Trade receivables that are assessed not to be impaired individually are also assessed for impairment on a collective basis. In measuring the expected credit losses, the management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic decisions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts of the specific asset or class of assets at the end of the reporting year affected by the assumption are disclosed in the Notes 21 and 22 on trade receivables and contract assets.

Allowance for other receivables:

The other receivables are subject to the expected credit loss model under the financial instruments. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition with the credit risk at the reporting date. Adjustment to the loss allowance is made for any increase or decrease in credit risk. Where there is a significant increase in credit risk, a loss allowance is recognised based on the lifetime expected credit losses on the amount. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts of the specific asset or class of assets at the end of the reporting year affected by the assumption are disclosed in the Notes 17 and 21 on other receivables.

NOTES TO THE FINANCIAL STATEMENTS

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2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of carrying amount of property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$23,189,000 (2020: \$26,741,000).

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific assets or class of assets at the end of the reporting year affected by the assumption is \$9,223,000 (2020: \$13,982,000).

Terms of lease of leasehold properties and right-of-use for leasehold land:

The annual rates of depreciation for leasehold properties and right-of-use for leasehold land are charged over the terms of the respective leases. There are leasehold properties with (a) carrying value of \$12,122,000 (2020: \$12,486,000) with lease term of 30 years and with an option to renew for a further 30 years; and (b) carrying value of \$610,000 (2020: \$985,000) with lease term of 3 years and with an option to apply for a further 3 years. The leasehold properties with option to renew have been depreciated on the assumption that the Group will exercise the options to extend the leases by another 30 years and 3 years respectively. There is right-of-use for leasehold land with carrying value of \$3,635,000 (2020: \$3,744,000) with remaining lease term of 4 years (2020: 5 years) and with an option to renew for a further 30 years. The right-of-use for the leasehold land with option to renew has been capitalised and depreciated on the assumption that the Group will exercise the option to extend the lease by another 30 years.

Assessment of impairment of right-of-use asset:

Significant judgement is applied by management when determining impairment of the right-of-use asset. Impairment is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgement is also involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that have extension or termination options. The amount at the end of the reporting year was \$3,304,000 (2020: \$3,550,000).

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3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr Teo Hock Chwee, a director and significant shareholder.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

3B. Key management compensation

	Group	
	2021	2020
	\$'000	\$'000
Salaries and other short-term employee benefits	1,198	1,225

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2021	2020
	\$'000	\$'000
Remuneration of directors of the Company	768	762
Fees to directors of the Company	147	147

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

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3. Related party relationships and transactions (cont'd)

3C. Other receivables from and other payable to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

	Company Subsidiaries	
	2021	2020
	\$'000	\$'000
<u>Other receivables:</u>		
At beginning of the year	26,374	33,921
Amounts paid out and settlement of liabilities on behalf of another party	1,780	5,703
Amounts paid in and settlement of liabilities on behalf of the Company	–	(1,050)
Less: allowance for impairment	(9,943)	(7,762)
Disposal of subsidiary	–	(4,438)
At end of the year (Notes 17 and 21)	18,211	26,374

The movements in other payable from a related party is as follows:

	Company Subsidiaries	
	2021	2020
	\$'000	\$'000
<u>Other payable:</u>		
At beginning of the year	–	–
Amounts paid in and settlement of liabilities on behalf of the Company	(500)	–
At end of the year (Note 30)	(500)	–

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the Group is organised into two primary strategic operating segments – structural steel specialists and waste management and treatment. The results of all other activities, mainly investment holding and operation of testing centre, which are not included within the two primary segments, are included in the “other” segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment’s operating results is the major financial indicator: earnings from operations before depreciation and amortisation, interests and income taxes (called “Recurring EBITDA”).

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

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4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
Continuing operations					
<u>2021</u>					
Revenue by segment					
Sales to external parties	75,033	229	132	–	75,394
Inter-segment sales #a	1,323	–	1,520	(2,843)	–
Total revenue	76,356	229	1,652	(2,843)	75,394
Recurring EBITDA	13,527	(1,651)	1,186	–	13,062
Allowance for impairment loss on property, plant and equipment	–	(3,145)	–	–	(3,145)
Depreciation of property, plant and equipment	(2,167)	(1,162)	(13)	–	(3,342)
Depreciation of right-of-use assets	(220)	(246)	(64)	–	(530)
Finance costs	(205)	(486)	(31)	–	(722)
Interest income	19	–	36	–	55
Plant and equipment written off	(2)	–	–	–	(2)
Profit / (loss) before tax from continuing operations	10,952	(6,690)	1,114	–	5,376
Income tax expense					(2,201)
Profit from continuing operations					<u>3,175</u>

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4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
Continuing operations					
<u>2020</u>					
Revenue by segment					
Sales to external parties	76,003	1,062	618	–	77,683
Inter-segment sales #a	5,293	–	1,527	(6,820)	–
Total revenue	81,296	1,062	2,145	(6,820)	77,683
Recurring EBITDA	5,345	(2,511)	1,426	–	4,260
Allowance for impairment loss on property, plant and equipment	–	(7,596)	–	–	(7,596)
Depreciation of property, plant and equipment	(2,548)	(913)	(13)	–	(3,474)
Depreciation of right-of-use assets	(315)	(246)	(68)	–	(629)
Finance costs	(273)	(554)	(27)	–	(854)
Interest income	62	–	138	–	200
Loss on disposal of subsidiary	(2,253)	–	–	–	(2,253)
Property, plant and equipment written off	(3,526)	(680)	–	–	(4,206)
(Loss) / profit before tax from continuing operations	(3,508)	(12,500)	1,456	–	(14,552)
Income tax expense					(1,315)
Loss from continuing operations					<u>(15,867)</u>

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4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Unallocated \$'000	Eliminations \$'000	Group \$'000
2021						
Total assets for reportable segments #a	132,976	28,233	29,326	–	(26,388)	164,147
Total Group assets	132,976	28,233	29,326	–	(26,388)	164,147
2020						
Total assets for reportable segments #a	119,983	32,011	38,947	–	(32,386)	158,555
Total Group assets	119,983	32,011	38,947	–	(32,386)	158,555
Expenditure for non-current assets:						
2021	274	1,330	18	–	–	1,622
2020	358	6,572	–	–	–	6,930

4D. Liabilities and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Unallocated \$'000	Eliminations \$'000	Group \$'000
2021						
Total liabilities for reportable segments #a	28,297	46,323	620	–	(44,301)	30,939
Unallocated:						
Income tax payable	–	–	–	1,929	–	1,929
Deferred tax liabilities	–	–	–	1,595	–	1,595
Total Group liabilities	28,297	46,323	620	3,524	(44,301)	34,463
2020						
Total liabilities for reportable segments #a	25,277	43,193	421	–	(40,222)	28,669
Unallocated:						
Income tax payable	–	–	–	1,086	–	1,086
Deferred tax liabilities	–	–	–	1,535	–	1,535
Total Group liabilities	25,277	43,193	421	2,621	(40,222)	31,290

#a Inter-segment sales, assets and liabilities are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial information by operating segments (cont'd)

4E. Geographical information

	Revenue	
	2021	2020
	\$'000	\$'000
Singapore	75,260	76,621
Thailand	134	1,062
Total continuing operations	75,394	77,683

	Non-current assets	
	2021	2020
	\$'000	\$'000
Singapore	37,692	40,570
Malaysia	8,169	20,475
Thailand	8,337	10,888
India	261	323
Total continuing operations	54,459	72,256

Revenues are attributed to countries on the basis of the project's location, irrespective of the origin of the services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and intangible assets.

4F. Information about major customers

Revenue from major customers, which are individually amounting to 10% or more of the Group's revenue, is derived from the structural steel segment.

	2021	2020
	\$'000	\$'000
Top 1 customer	26,179	19,162
Top 2 customers	47,083	34,396
Top 3 customers	52,751	41,406

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5. Revenue

5A. Revenue from contracts with customer:

	Group	
	2021	2020
	\$'000	\$'000
Revenue from construction contracts	75,033	76,003
Revenue from waste management and treatment	229	1,062
Dividend income from quoted corporations	85	139
Other revenue	47	479
Total revenue	75,394	77,683

5B. Revenue classified by duration of contract:

	Group	
	2021	2020
	\$'000	\$'000
Short-term contracts – less than 12 months	828	2,231
Long-term contracts – more than 12 months	74,566	75,452
Total revenue	75,394	77,683

5C. Revenue classified by timing of revenue recognition:

	Group	
	2021	2020
	\$'000	\$'000
Point in time	828	2,231
Over time	74,566	75,452
Total revenue	75,394	77,683

6. Interest income

	Group	
	2021	2020
	\$'000	\$'000
Interest income from financial institutions	55	200

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7. Other income and gains and (other losses)

	Group	
	2021	2020
	\$'000	\$'000
Allowance for impairment on property, plant and equipment	(3,145)	(7,596)
Bad debts written off – trade receivables	(50)	(901)
Compensation income	448	–
Foreign exchange adjustments losses	(667)	(622)
Gain on disposal of plant and equipment	67	17
Government grants	2,832	1,392
Inventory written off	(121)	(8)
Labour income	–	41
Lease termination fee	–	(1,260)
Loss on disposal of subsidiary	–	(2,253)
Property, plant and equipment written off	(2)	(4,206)
Reversal of custom duty import and goods and services tax accrued	356	1,122
Rental income	–	12
Scrap income	1,291	288
Supplier rebate	–	22
Other income	330	308
Net	1,339	(13,644)
<u>Presented in profit or loss as:</u>		
Other income and gains	5,324	3,202
Other losses	(3,985)	(16,846)
Net	1,339	(13,644)

8. Administrative expenses

Administrative expenses include the following:

	Group	
	2021	2020
	\$'000	\$'000
Employee benefits expense (Note 9)	3,624	4,811

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9. Employee benefits expense

	Group	
	2021	2020
	\$'000	\$'000
Short term employee benefits expense	16,304	17,861
Contributions to defined contribution plans	691	814
Total employee benefits expense	16,995	18,675
Allocation of the employee benefits expense:		
Cost of sales	13,371	13,864
Administrative expenses	3,624	4,811
	16,995	18,675

10. Finance costs

	Group	
	2021	2020
	\$'000	\$'000
Interest expense	300	361
Interest on lease liabilities	422	493
Total finance costs	722	854

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	Group	
	2021	2020
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	2,166	941
(Over) / under adjustments in respect of prior periods	(29)	194
Subtotal	2,137	1,135
<u>Deferred tax expense:</u>		
Deferred tax expense	(191)	(60)
Under adjustments in respect of prior periods	255	240
Subtotal	64	180
Total income tax expense	2,201	1,315

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11. Income tax (cont'd)

11A. Components of tax expense recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2021	2020
	\$'000	\$'000
Profit / (loss) before tax	5,376	(14,552)
Income tax expense / (income) at the above rate	913	(2,474)
Expenses not deductible for tax purposes	725	2,927
Enhanced tax deductions and allowances	(98)	(6)
Stepped income tax exemption and tax rebates	(36)	(66)
Effect of different tax rates in different countries	(77)	(42)
Under adjustments to tax in respect of prior periods	226	434
Unrecognised deferred tax assets	548	510
Other items	–	32
Total income tax expense	2,201	1,315

There are no income tax consequences of dividends to owners of the Company.

The major not deductible items include the following:

	Group	
	2021	2020
	\$'000	\$'000
Allowance for impairment loss on property, plant and equipment	568	1,291
Lease termination fee	–	214
Loss on disposal of subsidiary	–	383
Written off of non-qualifying assets	–	673

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11. Income tax (cont'd)

11B. Deferred tax balance in the statement of financial position:

The deferred tax amounts and movements in the year are as follows:

	2021	2020
	\$'000	\$'000
Group		
<u>Deferred tax liabilities:</u>		
Excess of book over tax depreciation on plant and equipment	(1,271)	(1,613)
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	102	–
Tax losses carry forward	1,343	879
Other timing differences	(340)	84
Exchange differences recognised on translating foreign operations in other comprehensive income	(90)	(20)
Unrecognised deferred tax assets #a	(1,339)	(865)
Net balance	(1,595)	(1,535)
	(Expense) / income recognised in profit or loss	
	2021	2020
	\$'000	\$'000
Group		
<u>Deferred tax liabilities:</u>		
Excess of book over tax depreciation on plant and equipment	342	(294)
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	102	–
Tax losses carry forward	464	510
Other timing differences	(424)	114
Unrecognised deferred tax assets #a	(548)	(510)
Net balance	(64)	(180)

#a The above deferred tax assets for the tax losses that have not been recognised as the future profit streams are not probable against which the deductible temporary difference can be utilised. It is impracticable to estimate the amount expected to be settled or used within one year.

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12. Dividends on equity shares

	Rate per share-cents		Group and Company	
	2021	2020	2021 \$'000	2020 \$'000
Final tax exempt (one-tier) dividend paid	0.4	0.4	1,398	1,398

In respect of the current reporting year, the directors propose that a final dividend of 0.8 cents per share with a total of \$2,796,000 be paid to shareholders after the Annual General Meeting to be held on 30 November 2021. There are no income tax consequences. This dividend is subject to approval by shareholders at the next Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2021 \$'000	2020 \$'000
<u>Numerators: earnings attributable to equity:</u>		
Profit / (loss) for the year attributable to equity holders	3,380	(11,259)
	'000	'000
<u>Denominators: weighted average number of equity shares</u>		
Basic	349,500	349,500
	2021	2020
Earnings / (losses) per share - cents	0.97	(3.22)

The weighted average number of equity shares refers to shares in circulation during the reporting period. The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares. The fully diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there were no options granted or outstanding during the reporting year.

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14. Property, plant and equipment

	Construction work-in- progress \$'000	Freehold land \$'000	Freehold property and improvements \$'000	Leasehold lands \$'000	Leasehold properties and improvements \$'000	Plant, fixtures and equipment \$'000	Total \$'000
Group							
<u>Cost:</u>							
At 1 August 2019	1,014	2,850	3,412	10,609	49,378	27,727	94,990
Foreign exchange adjustments	(1)	(46)	(56)	(243)	(254)	(274)	(874)
Additions	5,451	–	72	–	6	1,401	6,930
Reclassifications	(199)	–	52	–	147	–	–
Cost adjustments	–	–	–	–	(98)	–	(98)
Disposal of subsidiary	–	–	–	–	–	(196)	(196)
Disposals / written off	(646)	–	–	–	(3,300)	(1,140)	(5,086)
At 31 July 2020	5,619	2,804	3,480	10,366	45,879	27,518	95,666
Foreign exchange adjustments	–	(172)	(213)	(19)	(56)	(413)	(873)
Additions	1,330	–	–	–	102	190	1,622
Reclassifications	(6,949)	–	–	–	6,949	–	–
Transfer to assets held for sale (Note 23)	–	–	–	(6,379)	(4,604)	(2,193)	(13,176)
Disposals / written off	–	–	–	–	–	(350)	(350)
At 31 July 2021	–	2,632	3,267	3,968	48,270	24,752	82,889
<u>Accumulated depreciation and impairment loss:</u>							
At 1 August 2019	–	–	88	1,175	5,577	15,329	22,169
Foreign exchange adjustments	–	–	(3)	(29)	(40)	(124)	(196)
Depreciation for the year	–	–	131	202	1,058	2,083	3,474
Impairment loss	1,388	–	–	–	6,193	15	7,596
Disposal of subsidiary	–	–	–	–	–	(81)	(81)
Disposals / written off	–	–	–	–	(444)	(422)	(866)
At 31 July 2020	1,388	–	216	1,348	12,344	16,800	32,096
Foreign exchange adjustments	–	(5)	(21)	(11)	(19)	(197)	(253)
Depreciation for the year	–	–	129	142	1,130	1,941	3,342
Reclassifications	(1,388)	–	–	–	1,388	–	–
Impairment loss	–	104	40	–	2,053	948	3,145
Transfer to assets held for sale (Note 23)	–	–	–	(389)	(281)	(712)	(1,382)
Disposals / written off	–	–	–	–	–	(348)	(348)
At 31 July 2021	–	99	364	1,090	16,615	18,432	36,600
<u>Carrying value:</u>							
At 1 August 2019	1,014	2,850	3,324	9,434	43,801	12,398	72,821
At 31 July 2020	4,231	2,804	3,264	9,018	33,535	10,718	63,570
At 31 July 2021	–	2,533	2,903	2,878	31,655	6,320	46,289

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14. Property, plant and equipment (cont'd)

Allocation of the depreciation expense and impairment loss:

	Group	
	2021 \$'000	2020 \$'000
Cost of sales	2,697	2,714
Administrative expenses	645	760
Other losses	3,145	7,596
Total	6,487	11,070

For 2020, leasehold property amounting to \$11,000,000 was not depreciated as it was under development since acquisition.

Certain property, plant and equipment with total carrying value of \$7,447,000 (2020: \$9,522,000) are mortgaged or pledged as security for the bank facilities (see Note 29).

The leasehold land is for the land for office and factory in Malaysia.

The freehold land is for the land for office and factory in Thailand.

During the reporting year, property, plant and equipment with a carrying amount of \$25,661,000 (2020: \$22,813,000) was impaired by \$3,145,000 (2020: \$7,596,000) due to poor prevailing market conditions. The fair value of the property, plant and equipment was measured in June 2021 (2020: September 2020) based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value less costs of disposal was based on valuation made by independent valuation firms using the following valuation approaches:

- i) The direct market comparison method where the assets are valued using recent market prices of assets with similar used conditions adjusted for differences in location, tenure, size and condition of the asset.
- ii) The depreciated replacement cost method where assets are valued based on replacement cost of comparable assets adjusted for depreciation.

The non-recurring fair value measurement is categorised within the fair value hierarchy at Level 3.

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14. Property, plant and equipment (cont'd)

The freehold property as at 31 July 2021 is as follows:

	Location	Description	Approximate Land Area (sq m)/ Size
(a)	345 Moo 7, Hua Samrong Sub-district, Chachoengsao Province, Bangkok Thailand 24190	Office and factory	30,798.4

The leasehold properties as at 31 July 2021 are as follows:

	Location	Description	Approximate Land Area (sq m)/ Size	Tenure
(a)	57 Pioneer Road Singapore 628508	Office and factory	18,995.3	30 years leasehold commencing from 16 November 1994 and an option to renew for a further period of 30 years
(b)	51 Shipyard Crescent Singapore 627809	Factory	20,000.0	30 years leasehold commencing from 1 January 2005
(c)	PLO 522, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	Office and factory	85,990.0	60 years leasehold commencing from 8 October 1997

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15. Right-of-use assets

The right-of-use assets in the statement of financial position are as follows:

	Leasehold lands \$'000	Leasehold properties \$'000	Plant, fixtures and equipment \$'000	Total \$'000
Group				
<u>Cost:</u>				
At 1 August 2019 on adoption of SFRS(I) 16	8,735	587	267	9,589
Foreign exchange adjustments	–	(20)	–	(20)
Disposals	(1,085)	(133)	–	(1,218)
At 31 July 2020	7,650	434	267	8,351
Foreign exchange adjustments	–	(9)	(1)	(10)
Additions	–	8	48	56
Remeasurement	–	(7)	–	(7)
Disposal	–	–	(21)	(21)
At 31 July 2021	7,650	426	293	8,369
<u>Accumulated depreciation:</u>				
At 1 August 2019	–	–	–	–
Foreign exchange adjustments	–	(2)	–	(2)
Depreciation for the year	399	153	77	629
Disposals	(44)	(49)	–	(93)
At 31 July 2020	355	102	77	534
Foreign exchange adjustments	–	(2)	–	(2)
Depreciation for the year	355	99	76	530
Disposals	–	–	(20)	(20)
At 31 July 2021	710	199	133	1,042
<u>Carrying value:</u>				
At 1 August 2019	8,735	587	267	9,589
At 31 July 2020	7,295	332	190	7,817
At 31 July 2021	6,940	227	160	7,327

NOTES TO THE FINANCIAL STATEMENTS

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15. Right-of-use assets (cont'd)

Allocation of the depreciation expense:

	Group	
	2021	2020
	\$'000	\$'000
Cost of sales	242	205
Administrative expenses	288	424
Total	530	629

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Leasehold lands	Leasehold properties	Plant, fixtures and equipment
Group			
<u>2021</u>			
Number of right-of-use assets	2	9	4
Remaining term – range (year)	13–34	1–3	1–5
Number of leases with extension options	1	9	–
<u>2020</u>			
Number of right-of-use assets	2	8	4
Remaining term – range (year)	14–35	1–4	1–4
Number of leases with extension options	1	8	–

The leases are for office spaces, production facilities and equipment.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance and maintenance fees on right-of-use assets are usually required under the lease contracts.

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16. Investments in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
<u>Total cost comprising:</u>		
Unquoted equity shares at cost	6,420	6,420
Allowance for impairment	(500)	(275)
Total at cost less impairment	5,920	6,145
<u>Movements during the year:</u>		
At beginning of the year	6,145	6,923
Disposal	–	(503)
Less: allowance for impairment	(225)	(275)
At the end of the year	5,920	6,145
<u>Movements in allowance for impairment:</u>		
At beginning of the year	275	–
Impairment loss included in other losses	225	275
At end of the year	500	275

The listing of and information on the subsidiaries is given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost of the investment		Effective percentage of equity held	
	2021 \$'000	2020 \$'000	2021 %	2020 %
T T J Design and Engineering Pte Ltd ^(a) Singapore Engineering and construction contractors	5,420	5,420	100	100
T T J Lodge Pte. Ltd. ^(a) Singapore Dormant	500	500	100	100
T T J Investment Pte. Ltd. ^(a) Singapore Dormant	–*	–*	100	100
T T J Green Energy Pte. Ltd. ^(a) Singapore Investment holding	500	500	100	100
	6,420	6,420		

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16. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries is given below: (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost of the investment		Effective percentage of equity held	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<u>Held through T T J Design and Engineering Pte Ltd</u>				
MTTJ Engineering Sdn. Bhd. ^(b) Malaysia Metal fabrication and general engineering (ASQ PLT Chartered Accountants, Malaysia)	11,138	11,138	100	100
T T J Design & Engineering (India) Private Limited ^(c) India Engineering and construction contractors / Operation of testing centre (Suresh Surana & Associates Chartered Accountants)	220	220	99	99
<u>Held through T T J Green Energy Pte. Ltd.</u>				
T T J Green Energy (M) Sdn. Bhd. ^(b) Malaysia Dormant (ASQ PLT Chartered Accountants, Malaysia)	—*	—*	100	100
T T J Biomass Pte. Ltd. ^(a) Singapore Investment holding	380	380	100	95
T T J Greenfuel Pte.Ltd. ^(a) Singapore Manufacture and sale of wood pellets and wood chips	12,727	12,727	100	80
<u>Held through T T J Biomass Pte. Ltd.</u>				
T T J Green Energy (Thailand) Co., Ltd. ^(c) Thailand Manufacture and sale of wood pellets (RSM Audit Services (Thailand) Limited, Thailand)	3,431	3,431	99	99

* amount less than \$500

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

NOTES TO THE FINANCIAL STATEMENTS

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17. Other receivables, non-current

	Company	
	2021	2020
	\$'000	\$'000
Loan receivable from subsidiaries	34,590	34,090
Less: allowance for impairment	(17,705)	(7,762)
At end of the year	16,885	26,328
<u>Movements during the year:</u>		
At beginning of the year	26,328	32,758
Additions	500	5,700
Bad debts written off	–	(4,368)
Less: allowance for impairment	(9,943)	(7,762)
At end of the year	16,885	26,328
<u>Movements in allowance for impairment:</u>		
At beginning of the year	7,762	–
Impairment loss included in other losses	9,943	7,762
At end of the year	17,705	7,762

The loan receivables of \$34,590,000 (2020: \$34,090,000) provides that it is with fixed interest of 3.00% (2020: 3.00%) per year. These loan receivables are not expected to be settled in the foreseeable future, as the repayments are dependent on the cash flows of the subsidiaries.

For other receivables at amortised cost, at each subsequent reporting date, an assessment is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition with the credit risk at the reporting date. Adjustment to the loss allowance is made for any increase or decrease in credit risk. Where there is a significant increase in credit risk, a loss allowance is recognised based on the lifetime expected credit losses on the amount. A loss allowance amount of \$9,943,000 (2020: \$7,762,000) is recognised for the year.

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18. Other financial assets, non-current

	Group and Company	
	2021	2020
	\$'000	\$'000
<u>Investments in equity shares at FVTOCI:</u>		
Quoted equity shares in corporations	3,196	2,259
At end of the year	3,196	2,259
<u>Movements during the year:</u>		
Fair value at beginning of the year	2,259	2,997
Additions	82	28
Increase / (decrease) in fair value through other comprehensive income	855	(766)
Fair value at end of the year	3,196	2,259

18A. Disclosures relating to investments in equity shares at FVTOCI

The information below gives a summary of the significant sector concentrations within the investment portfolio which are all included under Level 1 securities:

	Group and Company	
	2021	2020
	\$'000	\$'000
<u>Quoted equity shares in corporations:</u>		
Financial service industry - Singapore	2,905	2,014
Property Industry - Singapore	126	83
Multi Industry - Singapore	165	162
Total investments	3,196	2,259
	Group and Company	
	2021	2020
	%	%
<u>Quoted equity shares in corporations:</u>		
Financial service industry - Singapore	91	89
Property Industry - Singapore	4	4
Multi Industry - Singapore	5	7
Total investments	100	100

The quoted equity shares are measured at FVTOCI as these quoted equity shares are held for long-term appreciation.

Sensitivity analysis: The effect on pre-tax profit or other comprehensive income is not significant.

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19. Other non-financial assets, non-current

	Group	
	2021	2020
	\$'000	\$'000
Lease premium prepayment (Note 19A)	843	869

19A. Lease premium prepayment

	Group	
	2021	2020
	\$'000	\$'000
<u>At cost:</u>		
At beginning and end of the year	1,016	1,016
<u>Accumulated amortisation:</u>		
At beginning of the year	121	95
Amortisation for the year	26	26
At end of the year	147	121
<u>Balance to be amortised:</u>		
Current portion : Not later than one year (Note 24)	26	26
Non-current portion	843	869
	869	895

The lease premium prepayment is for the foreshore area at 57 Pioneer Road Singapore 628508 and amortised over the period of the lease term on the straight line method. The lease is not transferable and expires in 2054.

The amortisation expense is charged to cost of sales.

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20. Inventories

	Group	
	2021 \$'000	2020 \$'000
Raw materials	200	85
Consumables and supplies	261	307
Finished goods and goods for resale	37	7
	498	399
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	6	27
Charged to profit or loss included in cost of sales	–	6
Used	(6)	(27)
At end of the year	–	6
Raw materials and consumables used	20,257	30,132

There are no inventories pledged as security for liabilities.

21. Trade and other receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
Outside parties	7,484	2,268	–	4
Subsidiaries	–	–	1,283	694
Retention receivables on construction contracts	9,288	8,349	–	–
Accrued contract revenue	4,733	1,642	–	–
Less: allowance for impairment	–	–	(128)	–
Net trade receivables – subtotal	21,505	12,259	1,155	698
<u>Other receivables:</u>				
Deposits to secure services	444	385	–	–
Subsidiaries (Note 3)	–	–	1,326	46
Other receivables #a	2,283	1,835	–	–
Less: allowance for impairment	(63)	(64)	–	–
Net other receivables – subtotal	2,664	2,156	1,326	46
Total trade and other receivables	24,169	14,415	2,481	744

#a Included in other receivables is the grant receivable of \$120,000 (2020: \$1,223,000) from Singapore Government.

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21. Trade and other receivables (cont'd)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Movements in allowance for impairment:</u>				
At beginning of the year	64	65	–	–
Charged for trade receivables to profit or loss included in other losses	–	–	128	–
Foreign exchange adjustments	(1)	(1)	–	–
At end of the year	63	64	128	–

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. Trade receivables are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance methodology is based on its historical observed default rates (over a period ranging from 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The ageing of the trade receivables is as follows:

	Gross amount	
	2021 \$'000	2020 \$'000
Group		
<u>Trade receivables:</u>		
Current	15,145	10,444
Less than 30 days past due	5,970	593
31 to 60 days past due	115	9
61 to 90 days past due	275	265
Over 91 days past due	–	948
Total	21,505	12,259

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21. Trade and other receivables (cont'd)

	Gross amount		Loss allowance	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Company				
<u>Trade receivables:</u>				
Current	395	373	–	–
Less than 30 days past due	71	71	(8)	–
31 to 60 days past due	69	69	(8)	–
61 to 90 days past due	71	134	(8)	–
Over 91 days past due	677	51	(104)	–
Total	1,283	698	(128)	–

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

There are no collateral held as security and other credit enhancements for the trade receivables held by the Group and the Company.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivables customers is about 30 to 60 days (2020: 30 to 60 days). However, some customers may take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Top 1 customer	3,830	407	678	263
Top 2 customers	5,506	814	1,009	511
Top 3 customers	6,126	1,151	1,137	628

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. No loss allowance is necessary.

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22. Contract assets and contract liabilities

	Group	
	2021	2020
	\$'000	\$'000
Contract assets	31,843	32,572
Contract liabilities	(46)	(432)

The contract assets are subject to the expected credit loss model under the financial reporting standard on financial instruments.

The contract assets are for entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

Significant changes in contract assets and contract liabilities are explained as follows:

	Group	
	2021	2020
	\$'000	\$'000
Contract asset reclassified to receivables	30,963	33,551
Revenue recognised that was included in contract liabilities balance at beginning of the year	(432)	(842)

Transaction price allocated to the remaining performance obligations (over time method): Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 July 2021 is approximately \$119,025,000 (2020: \$164,382,000) will be recognised as revenue as the Group continues to perform to complete the contracts, which is expected to occur over the next 1 to 2 years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- a) The performance obligation is part of a contract that has an original expected duration for one year or less, or
- b) The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

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23. Assets held for sale

	2021 \$'000
Group	
Assets held for sale:	
Leasehold land at net book value (Note 14)	5,990
Leasehold property and improvements at net book value (Note 14)	4,323
Plant, fixtures and equipment at net book value (Note 14)	1,481
Foreign exchange adjustments	(216)
At end of the year	11,578

The above assets are presented as held for sale following the decision of management to sell certain property, plant and equipment of a subsidiary as these assets have not been used for operations. Management intends to dispose these assets to provide additional working capital for the Group. On 8 June 2021, the Group had, through its subsidiary, entered into a sale and purchase agreement with the purchaser for an aggregate consideration of RM41,700,000 (approximately S\$13,377,000). The sale is expected to be completed in next reporting year (Note 35).

24. Other non-financial assets, current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Advance payments	107	183	–	–
Prepayments	241	249	32	36
Lease premium prepayment (Note 19A)	26	26	–	–
	374	458	32	36

25. Cash and cash equivalents

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not restricted in use	38,030	36,196	5,663	7,888

The rate of interest for the cash on interest earning balances ranged between 0.02% and 0.95% (2020: 0.14% and 1.97%).

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25. Cash and cash equivalents (cont'd)

25A. Reconciliation of liabilities arising from financing activities:

	1 August 2020 \$'000	Cash flows \$'000	Non-cash changes Others #a \$'000	31 July 2021 \$'000
Borrowings	6,462	–	(396)	6,066
Lease liabilities	8,010	(366)	40	7,684
Bills payables	280	(263)	(17)	–
Total liabilities from financing activities	14,752	(629)	(373)	13,750

	1 August 2019 \$'000	Cash flows \$'000	Non-cash changes Others #b \$'000	31 July 2020 \$'000
Borrowings	7,814	(1,247)	(105)	6,462
Finance lease obligations	23	(11)	(12)	–
Lease liabilities	9,589	(419)	(1,160)	8,010
Bills payables	198	85	(3)	280
Total liabilities from financing activities	17,624	(1,592)	(1,280)	14,752

#a Included foreign exchange movement and additions of lease liabilities.

#b Included foreign exchange movement and termination of lease arising from the disposal of subsidiary.

26. Share capital

	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
--	---------------------------------------	----------------------------	------------------------------	-----------------

Group and Company

Ordinary shares of no par value:

At beginning of the year 1 August 2019
and end of the year 31 July 2020 and
31 July 2021

349,500	23,054	(164)	22,890
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The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

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26. Share capital (cont'd)

	Number of treasury shares		Fair value	
	2021 '000	2020 '000	2021 \$'000	2020 \$'000
At beginning of the year	500	500	71	118
At end of the year	500	500	91	71

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are significant borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

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NOTES TO THE FINANCIAL STATEMENTS

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27. Other reserves

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Foreign currency translation reserve (Note 27A)	(1,935)	(1,722)	–	–
Equity shares at FVTOCI reserve (Note 27B)	804	(51)	804	(51)
Total at end of the year	<u>(1,131)</u>	<u>(1,773)</u>	<u>804</u>	<u>(51)</u>

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

27A. Foreign currency translation reserve

	Group	
	2021 \$'000	2020 \$'000
At beginning of the year	(1,722)	(1,027)
Exchange differences on translating foreign operations	(213)	(695)
At end of the year	<u>(1,935)</u>	<u>(1,722)</u>

The currency translation reserve accumulates all foreign exchange differences.

27B. Equity shares at FVTOCI reserve

	Group and Company	
	2021 \$'000	2020 \$'000
At beginning of the year	(51)	715
Profit / (loss) on the fair value changes on equity shares at FVTOCI	855	(766)
At end of the year	<u>804</u>	<u>(51)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

28. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	2021	2020
	\$'000	\$'000
Lease liabilities, current	379	366
Lease liabilities, non-current	7,305	7,644
Total	7,684	8,010

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets. The right-of-use assets are disclosed in Note 15.

The weighted average incremental borrowing rate applied to lease liabilities recognised was in the range of 3.65% to 9.40% (2020: 3.65% to 9.40%) per year.

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
Group			
<u>2021</u>			
Minimum lease payments payable:			
Due within one year	781	(402)	379
Due within two to five years	2,714	(1,386)	1,328
Due after five years	9,820	(3,843)	5,977
Total	13,315	(5,631)	7,684
<u>2020</u>			
Minimum lease payments payable:			
Due within one year	789	(423)	366
Due within two to five years	2,854	(1,465)	1,389
Due after five years	10,420	(4,165)	6,255
Total	14,063	(6,053)	8,010

Total cash outflows from leases are shown in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

28. Lease liabilities (cont'd)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

At reporting year date, there were no commitments on leases which had not yet commenced.

29. Other financial liabilities

	Group	
	2021	2020
	\$'000	\$'000
<u>Non-current</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan 1	2,673	2,848
Bank loan 2	2,036	2,168
Total non-current portion	4,709	5,016
<u>Current</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan 1	617	657
Bank loan 2	740	789
<u>Financial instruments with fixed interest rates:</u>		
Trust receipts and bills payable to bank (secured)	–	280
Total current portion	1,357	1,726
Total non-current and current	6,066	6,742
The non-current portion is repayable as follows:		
Due within 2 to 5 years	4,503	4,797
After 5 years	206	219
Total non-current portion	4,709	5,016

The range of floating rate interest rates paid were as follows:

Bank loans (secured)	4.45%	4.45% to 5.00%
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The range of fixed rate interest rates paid were as follows:

Trust receipts and bills payable to banks (secured)	3.40%	3.40% to 3.50%
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NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

29. Other financial liabilities (cont'd)

The bank agreement for the bank loans 1 and 2 and the credit facilities provides among other matters for the following:

1. Corporate guarantee from the Company.
2. A legal mortgage over a freehold land, freehold property and plant and machinery (Note 14).

Bank loan 1 is repayable by monthly instalments over 6 years commencing from January 2020 and bank loan 2 is repayable by monthly instalments over 5 years from May 2019.

30. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	15,637	11,508	393	117
<u>Other payables:</u>				
Deposits received	1,366	41	–	–
Deferred income #a	–	1,823	–	–
Subsidiary #b	–	–	500	–
Other payables	140	113	–	25
Other payables – subtotal	1,506	1,977	500	25
Total trade and other payables	17,143	13,485	893	142

#a In 2020, deferred income was related to the grant income from Singapore Government.

#b Loan of \$500,000 is repayable on demand. Fixed interest at 3.00% per annum is charged on the loan.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE
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NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

31. Disposal of subsidiary

On 28 May 2020, the Group has commenced the winding up process of its 51%-owned direct subsidiary, Technics Steel Pte. Ltd. ("TSPL") by way of creditors' voluntary winding up. From that day TSPL has ceased to be a subsidiary of the Group.

The carrying amount of the assets and liabilities of the subsidiary at the date of disposal are as follows:

	2020 \$'000
Property, plant and equipment	115
Trade and other receivables	298
Contract assets	192
Cash and cash equivalents	198
Trade and other payables	(1,322)
Finance leases	(12)
Net liabilities disposed of	(531)
Non-controlling interests	2,784
Loss on disposal (Note 7) #a	2,253

#a Included losses previously shared by non-controlling interests, now borne by the Group.

An analysis of the cash and cash equivalents in respect of the disposal of subsidiary was as follow:

	2020 \$'000
Cash and cash equivalents disposed of	(198)
Net cash outflow	(198)

The results for the reporting year from the subsidiary for the period from the beginning of the reporting year to 28 May 2020, which have been included in the consolidated financial statements, were as follows:

	Period ended 28 May 2020 \$'000
Revenue	286
Loss from continuing operations, net of tax	(5,290)

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

32. Contingent liabilities

The Group's subsidiary, MTTJ Engineering Sdn. Bhd. ("MTTJ") was granted the Licensed Manufacturing Warehouse status, where customs import duty exemptions are given for all raw materials and components used directly in the manufacturing process of approved finished products for export. MTTJ has also applied to the Royal Malaysian Customs Department ("the relevant authority") that these customs import duty (local sales) exemptions are extended to MTTJ's certain local projects and was informed that they were eligible to the exemptions for a local project in 2016. However in 2017, MTTJ received a letter issued by the Royal Malaysian Customs Department requesting payment of customs import duty (local sales) and goods and services tax (GST) based on the billings issued to a customer. MTTJ has accordingly accrued an amount of approximately RM3,419,000 (S\$1,103,000) in respect of the said claim by the relevant authority despite lodging an appeal to the relevant authority. In 2018, MTTJ has further accrued approximately RM1,120,000 (included in profit or loss as other losses of S\$371,000) in respect of the customs duty and GST based on the contract value agreed with the customer.

During the reporting year, the remaining accrued amount of approximately RM1,120,000 (S\$356,000) (2020: RM3,419,000 (S\$1,222,000)) was waived by the relevant authority. Accordingly, this amount was recognised as other income and gains (Note 7).

33. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Commitments to purchase of property, plant and equipment	18	92

34. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Not later than one year	–	–
Rental income for the year	–	12

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

35. Event after the end of the reporting year

On 9 September 2021, the Group's subsidiary entered into supplemental agreements for the early handover the assets held for sale on 15 October 2021.

36. Financial instruments: information on financial risks

36A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	62,199	50,611	25,029	34,960
Financial assets that is equity shares at fair value through other comprehensive income	3,196	2,259	3,196	2,259
At end of the year	65,395	52,870	28,225	37,219
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	30,893	26,414	893	142
At end of the year	30,893	26,414	893	142

Further quantitative disclosures are included throughout these financial statements.

36B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

36. Financial instruments: information on financial risks (cont'd)

36C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

36D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade and other receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 25 discloses the maturity of the cash and cash equivalents balances representing amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

36. Financial instruments: information on financial risks (cont'd)

36E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	2 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
<u>2021</u>				
Gross borrowings commitments	1,645	4,971	208	6,824
Gross lease liabilities obligations	781	2,714	9,820	13,315
Trade and other payables	17,143	–	–	17,143
	19,569	7,685	10,028	37,282
<u>2020</u>				
Gross borrowings commitments	1,745	5,295	221	7,261
Gross lease liabilities obligations	789	2,854	10,420	14,063
Trade and other payables	11,662	–	–	11,662
	14,196	8,149	10,641	32,986

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2020: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

36. Financial instruments: information on financial risks (cont'd)

36E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	Less than 1 year \$'000	2 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
<u>2021</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	2,593	12,645	–	15,238
<u>2020</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	7,689	8,382	2,015	18,086
Group				
<u>2021</u>				
<u>\$'000</u>				
<u>2020</u>				
<u>\$'000</u>				
<u>Bank facilities:</u>				
Undrawn borrowing facilities			13,954	21,877
Unused bank guarantees			16,037	15,751

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

36. Financial instruments: information on financial risks (cont'd)

36F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets with interest:</u>				
Fixed rates	16,585	10,953	37,548	38,097
Floating rates	1,865	2,973	–	–
Total at end of the year	18,450	13,926	37,548	38,097
<u>Financial liabilities with interest:</u>				
Fixed rates	7,684	8,290	–	–
Floating rates	6,066	6,462	–	–
Total at end of the year	13,750	14,752	–	–

Sensitivity analysis: The effect on pre-tax profit is not significant.

36G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

NOTES TO THE FINANCIAL STATEMENTS

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36. Financial instruments: information on financial risks (cont'd)

36G. Foreign currency risks (cont'd)

Analysis of amounts denominated in non-functional currency:

	Philippines Peso \$'000	India Rupee \$'000	United States Dollar \$'000	Vietnam Dong \$'000	Euro Dollar \$'000	Singapore Dollar \$'000	Brunei Dollar \$'000	Total \$'000
Group								
<u>2021</u>								
<u>Financial assets:</u>								
Cash and cash equivalents	136	–	1,969	–	–	980	–	3,085
Trade and other receivables								
– third parties	6	–	–	–	–	–	–	6
Trade and other receivables								
– intragroup	–	20	–	–	–	–	–	20
Total financial assets	142	20	1,969	–	–	980	–	3,111
<u>Financial liabilities:</u>								
Trade and other payables								
– third parties	46	–	2,501	–	28	263	–	2,838
Trade and other payables								
– intragroup	–	20	–	–	–	19,896	–	19,916
Lease liabilities	55	–	–	–	–	–	–	55
Total financial liabilities	101	20	2,501	–	28	20,159	–	22,809
Net financial assets / (liabilities) at end of the year	41	–	(532)	–	(28)	(19,179)	–	(19,698)
<u>2020</u>								
<u>Financial assets:</u>								
Cash and cash equivalents	221	–	1,301	–	–	471	–	1,993
Trade and other receivables								
– third parties	–	–	917	–	–	–	–	917
Total financial assets	221	–	2,218	–	–	471	–	2,910
<u>Financial liabilities:</u>								
Trade and other payables								
– third parties	15	–	4,560	19	6	470	175	5,245
Trade and other payables								
– intragroup	–	–	–	–	–	20,879	–	20,879
Borrowings	–	–	–	–	–	48	–	48
Lease liabilities	86	–	–	–	–	–	–	86
Total financial liabilities	101	–	4,560	19	6	21,397	175	26,258
Net financial assets / (liabilities) at end of the year	120	–	(2,342)	(19)	(6)	(20,926)	(175)	(23,348)

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

36. Financial instruments: information on financial risks (cont'd)

36G. Foreign currency risks (cont'd)

The Company's financial assets and financial liabilities are denominated in its functional currency.

There is exposure to foreign currency risk as part of the Group's normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

36H. Equity price risk

There are investments in equity shares. As a result, such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Note 18.

37. The COVID-19 pandemic

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the Group's business. There is significant uncertainty around the medium to long term impact of the COVID-19 pandemic. Other entities are also evolving and assets held by them may have material uncertainties and / or disclaimers regarding the impact of COVID-19. These uncertainties gave rise to difficulties in making an accurate assessment by management of the future financial impacts on the Group. Management will continue to closely monitor the further economic development and its impact. It is however reasonably probable that the COVID-19 pandemic will have an adverse impact on the Group's revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

38. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2021	2020
	\$'000	\$'000
Audit fees to the independent auditors of the Company	119	126
Audit fees to the other independent auditors	32	42
Other fees to the independent auditors of the Company	27	21
Other fees to the other independent auditors	5	9

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2021

39. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 3	Definition of a Business – Amendments
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting

40. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (Annual Improvement Project)	1 Jan 2022
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 Jan 2022
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to	1 Jan 2022
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to	1 Jan 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



T T J HOLDINGS LIMITED

**Condensed Interim Financial Statements
For the Six Months ended 31 January 2022**

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

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APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group		
		6 months ended		Change %
		31 January 2022 S\$'000	31 January 2021 S\$'000	
Revenue	6	31,300	23,134	35
Cost of sales		(27,146)	(21,138)	28
Gross profit		4,154	1,996	108
Finance income	7	29	30	(3)
Other income and gains	8	933	3,972	(77)
Administrative expenses	9	(3,027)	(3,141)	(4)
Finance costs	11	(262)	(361)	(27)
Other losses	8	(7)	(1)	<i>n.m.</i>
Profit before tax from continuing operations		1,820	2,495	(27)
Income tax expense	12	(824)	(1,018)	(19)
Profit from continuing operations, net of tax		996	1,477	(33)
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Fair value changes on equity shares at FVTOCI, net of tax		64	427	(85)
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		634	419	51
Other comprehensive income for the period, net of tax		698	846	(17)
Total comprehensive income		1,694	2,323	(27)
Profit attributable to:				
Owners of the parent, net of tax		996	1,617	(38)
Non-controlling interests, net of tax		–	(140)	(100)
Profit, net of tax		996	1,477	(33)
Total comprehensive income attributable to:				
Owners of the parent		1,694	2,463	(31)
Non-controlling interests		–	(140)	(100)
Total comprehensive income		1,694	2,323	(27)

n.m. – not meaningful

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

B. Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		31 January 2022	31 July 2021	31 January 2022	31 July 2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	44,543	46,289	–	–
Right-of-use assets	15	7,249	7,327	–	–
Investments in subsidiaries	16	–	–	5,420	5,920
Other receivables		–	–	22,985	16,885
Other financial assets		1,739	3,196	1,739	3,196
Other non-financial assets		829	843	–	–
Total non-current assets		54,360	57,655	30,144	26,001
Current assets					
Inventories		436	498	–	–
Trade and other receivables		24,205	24,169	2,515	2,481
Contract assets		34,716	31,843	–	–
Assets held for sale	17	11,724	11,578	–	–
Other non-financial assets		684	374	39	32
Cash and cash equivalents		29,152	38,030	5,881	5,663
Total current assets		100,917	106,492	8,435	8,176
Total assets		155,277	164,147	38,579	34,177
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital		22,890	22,890	22,890	22,890
Retained earnings		106,581	107,919	14,861	9,480
Other reserves		(895)	(1,131)	406	804
Equity, attributable to owners of the parent		128,576	129,678	38,157	33,174
Non-controlling interests		6	6	–	–
Total equity		128,582	129,684	38,157	33,174
Non-current liabilities					
Deferred tax liabilities		1,172	1,595	–	–
Lease liabilities		7,258	7,305	–	–
Other financial liabilities		–	4,709	–	–
Total non-current liabilities		8,430	13,609	–	–
Current liabilities					
Income tax payable		2,378	1,929	92	110
Trade and other payables		14,313	17,143	330	893
Lease liabilities		399	379	–	–
Other financial liabilities		–	1,357	–	–
Contract liabilities		1,175	46	–	–
Total current liabilities		18,265	20,854	422	1,003
Total liabilities		26,695	34,463	422	1,003
Total equity and liabilities		155,277	164,147	38,579	34,177

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Condensed Interim Financial Statements For the Six Months ended 31 January 2022

C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	<u>Total equity</u> \$'000	<u>Attributable to parent sub-total</u> \$'000	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Other reserves</u> \$'000	<u>Non-controlling interests</u> \$'000
Current year:						
Opening balance at 1 August 2021	129,684	129,678	22,890	107,919	(1,131)	6
<u>Changes in equity:</u>						
Total comprehensive income for the period	1,694	1,694	–	996	698	–
Transfer upon disposal of other financial assets	–	–	–	462	(462)	–
Dividends paid (Note 13)	(2,796)	(2,796)	–	(2,796)	–	–
Closing balance at 31 January 2022	128,582	128,576	22,890	106,581	(895)	6

Previous year:

Opening balance at 1 August 2020	127,265	125,860	22,890	104,743	(1,773)	1,405
<u>Changes in equity:</u>						
Total comprehensive income / (loss) for the period	2,323	2,463	–	1,617	846	(140)
Dividends paid (Note 13)	(1,398)	(1,398)	–	(1,398)	–	–
Closing balance at 31 January 2021	128,190	126,925	22,890	104,962	(927)	1,265

<u>Company</u>	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Other reserves</u> \$'000
Current year:				
Opening balance at 1 August 2021	33,174	22,890	9,480	804
<u>Changes in equity:</u>				
Total comprehensive income for the period	7,779	–	7,715	64
Transfer upon disposal of other financial assets	–	–	462	(462)
Dividends paid (Note 13)	(2,796)	–	(2,796)	–
Closing balance at 31 January 2022	38,157	22,890	14,861	406

Previous year:

Opening balance at 1 August 2020	42,966	22,890	20,127	(51)
<u>Changes in equity:</u>				
Total comprehensive income for the period	739	–	312	427
Dividends paid (Note 13)	(1,398)	–	(1,398)	–
Closing balance at 31 January 2021	42,307	22,890	19,041	376

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	6 months ended	
	31 January 2022	31 January 2021
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	1,820	2,495
Adjustments for:		
Interest expense	262	361
Interest income	(29)	(30)
Amortisation of lease premium	13	13
Depreciation of property, plant and equipment	1,870	1,685
Depreciation of right-of-use assets	270	266
Dividend income	(67)	(40)
Gain on termination of leases	(25)	–
Loss on disposal of plant and equipment	7	–
Plant and equipment written off	–	1
Operating cash flows before changes in working capital	4,121	4,751
Trade and other receivables and contract assets	(2,790)	(5,748)
Inventories	93	(173)
Trade and other payables and contract liabilities	(1,739)	(2,328)
Net cash flows used in operations	(315)	(3,498)
Income taxes paid	(803)	(669)
Income taxes refund	–	–
Net cash flows used in operating activities	(1,118)	(4,167)
<u>Cash flows from investing activities</u>		
Dividend received	67	1
Purchase of property, plant and equipment	(208)	(1,103)
Proceeds from disposal of plant and equipment	64	–
Proceeds from disposal of other financial assets	1,521	–
Interest received	29	30
Net cash flows from / (used in) investing activities	1,473	(1,072)
<u>Cash flows from financing activities</u>		
Decrease in bill payables	–	(283)
Interest paid	(262)	(361)
Repayment of borrowings	(6,001)	–
Repayment of lease liabilities – principal	(193)	(180)
Dividend paid to equity owners	(2,796)	(1,398)
Net cash flows used in financing activities	(9,252)	(2,222)
Net decrease in cash and cash equivalents	(8,897)	(7,461)
Cash and cash equivalents, statement of cash flows, beginning balance	38,030	36,196
Net effect of exchange rate changes on cash and cash equivalents	19	(26)
Cash and cash equivalents, statement of cash flows, ending balance	29,152	28,709

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements

1. General

The Company is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 31 January 2022 comprise the Company and its subsidiaries (collectively, the Group). The Company is an investment holding company.

The principal activities of the Group are disclosed in Note 5.

2. Basis of preparation of the financial statements

The condensed interim financial statements for the six months ended 31 January 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 July 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Related party relationships and transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

4A. Key management compensation

	Group 6 months ended	
	31 January 2022	31 January 2021
	\$'000	\$'000
Salaries and other short-term employee benefits	688	624

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group 6 months ended	
	31 January 2022	31 January 2021
	\$'000	\$'000
Remuneration of directors of the Company	457	403
Fees to directors of the Company	73	73

5. Financial information by operating segments

5A. Information about reportable segment profit or loss, assets and liabilities

For management purposes the Group is organised into two primary strategic operating segments – structural steel specialists and waste management and treatment. The results of all other activities, mainly investment holding and operation of testing centre, which are not included within the two primary segments, are included in the “other” segment.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial information by operating segments (cont'd)

5B. Profit or loss from continuing operations and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
Continuing operations					
<u>6 months ended</u>					
<u>31 January 2022</u>					
Revenue by segment					
Sales to external parties	30,632	184	484	–	31,300
Inter-segment sales #a	–	–	8,036	(8,036)	–
Total revenue	30,632	184	8,520	(8,036)	31,300
Recurring EBITDA					
Depreciation of property, plant and equipment	(951)	(911)	(8)	–	(1,870)
Depreciation of right-of-use assets	(115)	(123)	(32)	–	(270)
Finance costs	(105)	(146)	(11)	–	(262)
Interest income	17	–	12	–	29
Profit before tax from continuing operations	2,885	(2,119)	1,054	–	1,820
Income tax expense					(824)
Profit from continuing operations					996

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial information by operating segments (cont'd)

5B. Profit or loss from continuing operations and reconciliations (cont'd)

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Adjustments and eliminations \$'000	Group \$'000
Continuing operations					
<u>6 months ended</u>					
<u>31 January 2021</u>					
Revenue by segment					
Sales to external parties	23,094	–	40	–	23,134
Inter-segment sales #a	1,201	–	503	(1,704)	–
Total revenue	<u>24,295</u>	<u>–</u>	<u>543</u>	<u>(1,704)</u>	<u>23,134</u>
Recurring EBITDA	5,136	(682)	324	–	4,778
Depreciation of property, plant and equipment	(1,191)	(488)	(6)	–	(1,685)
Depreciation of right-of-use assets	(111)	(123)	(32)	–	(266)
Finance costs	(108)	(242)	(11)	–	(361)
Interest income	11	–	19	–	30
Plant and equipment written off	(1)	–	–	–	(1)
Profit / (loss) before tax from continuing operations	<u>3,736</u>	<u>(1,535)</u>	<u>294</u>	<u>–</u>	<u>2,495</u>
Income tax expense					<u>(1,018)</u>
Profit from continuing operations					<u><u>1,477</u></u>



Condensed Interim Financial Statements
For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial information by operating segments (cont'd)

5C. Assets and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Unallocated \$'000	Eliminations \$'000	Group \$'000
31 January 2022						
Total assets for reportable segments #a	127,659	26,072	34,140	–	(32,594)	155,277
Total Group assets	127,659	26,072	34,140	–	(32,594)	155,277
31 July 2021						
Total assets for reportable segments #a	132,976	28,233	29,326	–	(26,388)	164,147
Total Group assets	132,976	28,233	29,326	–	(26,388)	164,147
Expenditure for non-current assets:						
31 January 2022	185	23	–	–	–	208
31 July 2021	274	1,330	18	–	–	1,622

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



**Condensed Interim Financial Statements
For the Six Months ended 31 January 2022**

E. Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial information by operating segments (cont'd)

5D. Liabilities and reconciliations

	Structural steel \$'000	Waste management and treatment \$'000	Other \$'000	Unallocated \$'000	Eliminations \$'000	Group \$'000
31 January 2022						
Total liabilities for reportable segments #a	26,997	46,220	514	–	(50,586)	23,145
Unallocated:						
Income tax payable	–	–	–	2,378	–	2,378
Deferred tax liabilities	–	–	–	1,172	–	1,172
Total Group liabilities	26,997	46,220	514	3,550	(50,586)	26,695
31 July 2021						
Total liabilities for reportable segments #a	28,297	46,323	620	–	(44,301)	30,939
Unallocated:						
Income tax payable	–	–	–	1,929	–	1,929
Deferred tax liabilities	–	–	–	1,595	–	1,595
Total Group liabilities	28,297	46,323	620	3,524	(44,301)	34,463

#a Inter-segment sales, assets and liabilities are eliminated on consolidation.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial information by operating segments (cont'd)

5E. Geographical information

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
<u>Revenue</u>		
Singapore	31,261	23,134
Thailand	39	–
Total continuing operations	<u>31,300</u>	<u>23,134</u>

	<u>Group</u>	
	<u>31 January 2022</u>	<u>31 July 2021</u>
	\$'000	\$'000
<u>Non-current assets</u>		
Singapore	36,446	37,692
Malaysia	8,099	8,169
Thailand	7,856	8,337
India	220	261
Total continuing operations	<u>52,621</u>	<u>54,459</u>

6. Revenue

6A. Revenue from contracts with customer:

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Revenue from construction contracts	30,632	23,094
Revenue from waste management and treatment	184	–
Dividend income from quoted corporations	67	40
Other revenue	417	–
Fees to directors of the Company	<u>31,300</u>	<u>23,134</u>

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

6. Revenue (cont'd)

6B. Revenue classified by duration of contract:

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Short-term contracts – less than 12 months	895	213
Long-term contracts – less than 12 months	30,405	22,921
Total revenue	31,300	23,134

6C. Revenue classified by timing of revenue recognition:

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Point in time	895	213
Over time	30,405	22,921
Total revenue	31,300	23,134

7. Interest income

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Interest income from financial institution	29	30

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

8. Other income and gains and (other losses)

	Group	
	6 months ended	
	31 January 2022	31 January 2021
	\$'000	\$'000
Foreign exchange adjustments losses	66	321
Government grants	274	2,497
Gain on termination of leases	25	–
Loss on disposal of plant and equipment	(7)	–
Plant and equipment written off	–	(1)
Reversal of custom duty import and goods and services tax accrued	–	359
Scrap income	298	626
Other income	270	169
Net	<u>926</u>	<u>3,971</u>
Presented in profit or loss as:		
Other income and gains	933	3,972
Other losses	(7)	(1)
Net	<u>926</u>	<u>3,971</u>

9. Administrative expenses

Administrative expenses include the following:

	Group	
	6 months ended	
	31 January 2022	31 January 2021
	\$'000	\$'000
Employee benefits expense (Note 10)	<u>1,861</u>	<u>1,680</u>

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

10. Employee benefits expense

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Short term employee benefits expense	7,726	7,491
Contributions to defined contribution plans	336	324
Total employee benefits expense	<u>8,062</u>	<u>7,815</u>
Allocation of the employee benefits expense:		
Cost of sales	6,201	6,135
Administrative expenses	1,861	1,680
	<u>8,062</u>	<u>7,815</u>

11. Finance costs

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
Interest expense	56	147
Interest on lease liabilities	206	214
Total finance costs	<u>262</u>	<u>361</u>

12. Income tax

12A. Components of tax expense recognised in profit or loss include:

	<u>Group</u> <u>6 months ended</u>	
	<u>31 January 2022</u>	<u>31 January 2021</u>
	\$'000	\$'000
<u>Current tax expense :</u>		
Current tax expense	805	1,014
Under adjustments in respect of prior periods	–	4
Subtotal	<u>805</u>	<u>1,018</u>
<u>Deferred tax expense :</u>		
Deferred tax expense	19	–
Subtotal	<u>19</u>	<u>–</u>
Total income tax expense	<u>824</u>	<u>1,018</u>

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

13. Dividends on equity shares

	Rate per share – cents		31 January 2022 \$'000	31 January 2021 \$'000
	31 January 2022	31 January 2021		
<u>Group and Company</u>				
Final tax exempt (one-tier) dividend paid	<u>0.8</u>	<u>0.4</u>	<u>2,796</u>	<u>1,398</u>

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

14. Property, plant and equipment

Group Cost:	Construction work-in- progress \$'000	Freehold land \$'000	Freehold property and improvements \$'000	Leasehold lands \$'000	Leasehold properties and improvements \$'000	Plant, fixtures and equipment \$'000	Total \$'000
At 1 August 2020	5,619	2,804	3,480	10,366	45,879	27,518	95,666
Foreign exchange adjustments	–	(172)	(213)	(19)	(56)	(413)	(873)
Additions	1,330	–	–	–	102	190	1,622
Reclassifications	(6,949)	–	–	–	6,949	–	–
Transfer to assets held for sale (Note 17)	–	–	–	(6,379)	(4,604)	(2,193)	(13,176)
Disposals / written off	–	–	–	–	–	(350)	(350)
At 31 July 2021	–	2,632	3,267	3,968	48,270	24,752	82,889
Foreign exchange adjustments	–	(37)	(46)	50	75	(23)	19
Additions	23	–	–	–	–	185	208
Disposals / written off	–	–	–	–	–	(300)	(300)
At 31 January 2022	23	2,595	3,221	4,018	48,345	24,614	82,816

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



**Condensed Interim Financial Statements
For the Six Months ended 31 January 2022**

E. Notes to the Condensed Interim Financial Statements (cont'd)

14. Property, plant and equipment (cont'd)

	Construction work-in-progress \$'000	Freehold land \$'000	Freehold property and improvements \$'000	Leasehold lands \$'000	Leasehold properties and improvements \$'000	Plant, fixtures and equipment \$'000	Total \$'000
<u>Group</u>							
<u>Accumulated depreciation and impairment loss:</u>							
At 1 August 2020	1,388	–	216	1,348	12,344	16,800	32,096
Foreign exchange adjustments	–	(5)	(21)	(11)	(19)	(197)	(253)
Depreciation for the year	–	–	129	142	1,130	1,941	3,342
Reclassifications	(1,388)	–	–	–	1,388	–	–
Impairment loss	–	104	40	–	2,053	948	3,145
Transfer to assets held for sale (Note 17)	–	–	–	(389)	(281)	(712)	(1,382)
Disposals / written off	–	–	–	–	–	(348)	(348)
At 31 July 2021	–	99	364	1,090	16,615	18,432	36,600
Foreign exchange adjustments	–	(1)	(5)	14	16	8	32
Depreciation for the year	–	–	60	40	956	814	1,870
Disposals / written off	–	–	–	–	–	(229)	(229)
At 31 January 2022	–	98	419	1,144	17,587	19,025	38,273
<u>Carrying value:</u>							
At 1 August 2020	4,231	2,804	3,264	9,018	33,535	10,718	63,570
At 31 July 2021	–	2,533	2,903	2,878	31,655	6,320	46,289
At 31 January 2022	23	2,497	2,802	2,874	30,758	5,589	44,543

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

15. Right-of-use assets

The right-of-use assets in the statement of financial position are as follows:

<u>Group</u>	<u>Leasehold lands</u> \$'000	<u>Leasehold properties</u> \$'000	<u>Plant, fixtures and equipment</u> \$'000	<u>Total</u> \$'000
<u>Cost:</u>				
At 1 August 2020	7,650	434	267	8,351
Foreign exchange adjustments	–	(9)	(1)	(10)
Additions	–	8	48	56
Remeasurement	–	(7)	–	(7)
Disposals / written off	–	–	(21)	(21)
At 31 July 2021	7,650	426	293	8,369
Foreign exchange adjustments	–	–	–	–
Additions	–	40	261	301
Disposals / written off	–	(32)	(246)	(278)
At 31 January 2022	7,650	434	308	8,392
<u>Accumulated depreciation:</u>				
At 1 August 2020	355	102	77	534
Foreign exchange adjustments	–	(2)	–	(2)
Additions	355	99	76	530
Disposals / written off	–	–	(20)	(20)
At 31 July 2021	710	199	133	1,042
Foreign exchange adjustments	–	(1)	–	(1)
Additions	178	54	38	270
Disposals / written off	–	(27)	(141)	(168)
At 31 January 2022	888	225	30	1,143
<u>Carrying value:</u>				
At 1 August 2020	7,295	332	190	7,817
At 31 July 2021	6,940	227	160	7,327
At 31 January 2022	6,762	209	278	7,249

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

E. Notes to the Condensed Interim Financial Statements (cont'd)

16. Investments in subsidiaries

	<u>Company</u>	
	<u>31 January 2022</u>	<u>31 July 2021</u>
	\$'000	\$'000
<u>Total cost comprising:</u>		
Unquoted equity shares at cost	5,920	6,420
Allowance for impairment	(500)	(500)
Total at cost less impairment	5,420	5,920
<u>Movements during the period / year:</u>		
At beginning of the period / year	5,920	6,145
Reduction of share capital	(500)	–
Less: allowance for impairment	–	(225)
At end of the period / year	5,420	5,920
<u>Movements in allowance for impairment:</u>		
At beginning of the period / year	500	275
Impairment loss included in other losses	–	225
At end of the period / year	500	500

17. Assets held for sale

	<u>Group</u>	
	<u>31 January 2022</u>	<u>31 July 2021</u>
	\$'000	\$'000
<u>Group</u>		
Assets held for sale:		
Leasehold land at net book value (Note 14)	5,990	5,990
Leasehold property and improvements at net book value (Note 14)	4,323	4,323
Plant, fixtures and equipment at net book value (Note 14)	1,481	1,481
Foreign exchange adjustments	(70)	(216)
At end of the period / year	11,724	11,578

The above assets are presented as held for sale following the decision of management to sell certain property, plant and equipment of a subsidiary as these assets have not been used for operations. Management intends to dispose these assets to provide additional working capital for the Group. On 8 June 2021, the Group had, through its subsidiary, entered into a sale and purchase agreement with the purchaser for an aggregate consideration of RM41,700,000 (approximately S\$13,377,000). The sale is expected to be completed in current reporting year.

On 9 September 2021, the Group's subsidiary entered into supplemental agreements for the early handover of the assets held for sale on 15 October 2021.



**Condensed Interim Financial Statements
For the Six Months ended 31 January 2022**

E. Notes to the Condensed Interim Financial Statements (cont'd)

18. Financial instruments

18A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period / year:

	Group		Company	
	31 January 2022	31 July 2021	31 January 2022	31 July 2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	53,357	62,199	31,381	25,029
Financial assets that is equity shares at fair value through other comprehensive income	1,739	3,196	1,739	3,196
At end of the period / year	<u>55,096</u>	<u>65,395</u>	<u>33,120</u>	<u>28,225</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	21,970	30,893	330	893
At end of the period / year	<u>21,970</u>	<u>30,893</u>	<u>330</u>	<u>893</u>

Financial assets that is equity shares at fair value through other comprehensive income is categorised within the fair value hierarchy at Level 1.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

- (i) Please refer to Section A – Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income; and
- (ii) Please refer to Section E – Notes to the Condensed Interim Financial Statements – Notes 6 to 12.

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

Please refer to Section B - Condensed Interim Statements of Financial Position.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	31 January 2022	31 July 2021
	S\$'000	S\$'000
<u>Secured</u>		
Amount repayable in one year or less, or on demand:		
- Other financial liabilities – current liabilities	–	1,357
Amount repayable after one year:		
- Other financial liabilities – non-current liabilities	–	4,709
	–	6,066
<u>Unsecured</u>		
Amount repayable in one year or less, or on demand:		
- Lease liabilities – current liabilities	399	379
Amount repayable after one year:		
- Lease liabilities – non-current liabilities	7,258	7,305
	7,657	7,684
Total	7,657	13,750

Details of any collateral:

As at 31 July 2021, the Group's borrowings were secured by the legal mortgage on Group's freehold land, freehold property, plant and machinery and covered by corporate guarantee by the Company. The secured borrowings were fully repaid during current reporting period.

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

Please refer to Section D – Condensed Interim Consolidated Statement of Cash Flows.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

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.

Please refer to Section C – Condensed Interim Statements of Changes in Equity.

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.

There is no new share issued since 31 July 2021.

During the financial year, the Company did not purchase any shares under the share buyback mandate. As at 31 January 2022, the Company held 500,000 treasury shares (31 January 2021: 500,000).

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.

As at 31 January 2022, the total number of issued shares (excluding treasury shares) was 349,500,000 (31 July 2021: 349,500,000).

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.

There were no sales, transfers, disposal, cancellation and / or use of treasury shares during the financial period.

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

The figures have neither been audited nor reviewed in accordance with Singapore Auditing Standards.

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

Not applicable.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

3A *Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -*

- a. *Updates on the efforts taken to resolve each outstanding audit issue.*
- b. *Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.*

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.*

The Group's accounting policies and methods of computation for the current reporting period are consistent with the audited financial statements for the year ended 31 July 2021.

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

There were no changes in the accounting policies and methods of computation as compared to those adopted in the most recently audited financial statements.

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

	Group	
	6 months ended	
	31 January 2022	31 January 2021
	cents	cents
Basic earnings per share	0.28	0.46

Basic earnings per share for the period ended 31 January 2022 and 31 January 2021 is calculated by dividing the Group's net profit attributable to owners of the parent over the weighted average number of ordinary shares in issue of 349,500,000 ordinary shares.

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares existing during the respective financial periods.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

- 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	
	31 January 2022	31 July 2021	31 January 2022	31 July 2021
	cents	cents	cents	cents
Net asset value per share	36.79	37.10	10.92	9.49

Net asset value per share is calculated based on the shareholders' equity of the Group / Company as at the end of the financial periods and the issued share capital (excluding treasury shares) of 349,500,000 ordinary shares as at 31 January 2022 and 31 July 2021.

- 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.**

Review of Group's performance

For the six months ended 31 January 2022 ("1HFY2022"), the Group reported a revenue of \$31.3 million, an increase of 35% as compared to \$23.1 million for the previous corresponding period ended 31 January 2021 ("1HFY2021"). The increase was mainly due to the increase in revenue from the structural steel business.

Revenue from the structural steel business increased to \$30.6 million in 1HFY2022 as compared to \$23.1 million in 1HFY2021. The lower revenue in 1HFY2021 was attributable to the post-Circuit Breaker measures implemented which only permitted slow and gradual resumption of business operations.

The revenue generated by the waste management and treatment business was \$0.2 million in 1HFY2022. In 1HFY2021, this segment did not generate revenue as the Group has temporarily stopped the operations at its Thailand factory since July 2020. The segment revenue remained relatively low as the COVID-19 pandemic continued to depress demand and average selling prices during the reporting period.

The Group's gross profit margin increased from 8.6% in 1HFY2021 to 13.3% in 1HFY2022. The higher gross profit margin in the current reporting period was due to better gross margins derived from the projects executed.

Finance income remained at less than \$0.1 million in both 1HFY2021 and 1HFY2022.

Other income and gains decreased by 77% from \$4.0 million in 1HFY2021 to \$1.0 million in 1HFY2022. The decrease was mainly due to decreases in government grants received and scrap income, and a non-recurring reversal of custom duty import and goods and services tax.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

- 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. (cont'd)*

Review of Group's performance (cont'd)

Administrative expenses decreased slightly by 4% from \$3.1 million in 1HFY2021 to \$3.0 million in 1HFY2022.

Finance costs decrease by 27% from \$0.4 million in 1HFY2021 to \$0.3 million in 1HFY2022. The lower finance costs in 1HFY2022 was mainly due to the decrease in interest on borrowings as a result of the early repayment of the borrowings in the current reporting period.

The Group's profit before tax was \$1.8 million in 1HFY2022 as compared \$2.5 million in 1HFY2021. The decrease was mainly due to the decrease in other income and gains, partially offset by the increase in gross profit.

Review of changes in working capital, assets and liabilities

The movement in the Group's assets and liabilities are as follows:

- (i) Total assets decreased from \$164.1 million as at 31 July 2021 to \$155.3 million as at 31 January 2022. The decrease was mainly due the decrease in cash and cash equivalents as a result of the repayment of borrowings and payment of dividend.
- (ii) Total liabilities decreased from \$34.5 million as at 31 July 2021 to \$26.7 million as at 31 January 2022. The decrease was mainly due to repayment of borrowings.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

- 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. (cont'd)***

Review of changes in cash flow

The net cash flows used in operating activities amounted to \$1.1 million in 1HFY2022 as compared to \$4.2 million in 1HFY2021.

The net cash flows from investing activities amounted to \$1.5 million in 1HFY2022 as compared to net cash flows of \$1.1 million used in investing activities 1HFY2021. The net cash flows from investing activities was mainly contributed by the proceeds from disposal of other financial assets. In 1HFY2021, the net cash flows used in investing activities was mainly for the purchase of property, plant and equipment.

The net cash flows used in financing activities amounted to \$9.3 million in 1HFY2022 as compared to \$2.2 million in 1HFY2021. The net cash flows used in financing activities in 1HFY2022 was mainly due to the repayment of borrowings and payment of dividend. The financing activities in 1HFY2021 was mainly for the payment of dividend.

Cash and cash equivalents for the statement of cash flows of the Group stood at \$29.2 million as at 31 January 2022 as compared to \$28.7 million as at 31 January 2021, representing an increase of \$0.5 million.

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

No yearly forecast or prospect statement has been previously disclosed.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

10 *A commentary at the date of 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.*

Industry Outlook

Singapore's economy expanded by 7.6% in 2021, rebounding from the 4.1% contraction in 2020. The construction sector expanded by 20.1%, a turnaround from the 38.4% contraction in 2020, supported by both public and private sector construction works. For 2022, the Ministry of Trade and Industry ("MTI") has maintained GDP growth forecast at "3.0% to 5.0%" in 2022.¹

Singapore's high vaccination rate and steady rollout of booster shots should facilitate further progressive easing of domestic and border restrictions, alleviating labour shortages in sectors that are reliant on migrant workers. Activity in the construction sector will continue to recover on this progressive easing of border restrictions. On the other hand, new work permit policies for foreign workers in the construction sector aim at increasing productivity and reducing manpower needs have been announced at the recent Singapore Budget.² Therefore, on the path to recovery, labour shortages are likely to persist in the short term and the output of the construction sector is expected to remain below pre-pandemic levels throughout 2022.¹

The domestic construction sector is also expected to face higher material costs in 2022, largely from persistent supply chain bottlenecks, alongside rising energy prices due to geopolitical tensions, which have exacerbated global inflationary pressures.^{1,3}

Meanwhile the Building and Construction Authority ("BCA") projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion. 60% of this is expected to be from the public sector supported by projects in healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1). Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026.⁴

Order Book and Outlook

As at 7 March 2022, T T J has an order book of \$110 million, which it expects to substantially complete between FY2022 and FY2024, subject to the domestic COVID-19 situation and prevailing Safe Management Measures.

Although Singapore's border measures have eased, the supply of foreign workers remains somewhat unstable. The Group, however, has adequate workers to support and execute the projects in its existing order book.

The outlook for the waste management and treatment business remains clouded by the prolonged impact of COVID-19 and the new Omicron variant.

¹ <https://www.mti.gov.sg/Newsroom/Press-Releases/2022/02/MTI-Maintains-2022-GDP-Growth-Forecast-at-3-0-to-5-0-per-cent>

² Singapore Budget 2022, <https://www.mof.gov.sg/singaporebudget>

³ <https://www.businesstimes.com.sg/energy-commodities/high-material-prices-to-remain-a-drag-on-singapore-construction-this-year-report>

⁴ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

10 A commentary at the date of 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. (cont'd)

Order Book and Outlook (cont'd)

With inflation, and now the impact of the Russian-Ukraine conflict on steel and other commodity prices, the Group expects its margins to come under pressure going forward. Recent Budget 2022 measures to raise foreign worker levy rates and minimum qualifying salary for EP- and S-pass holders are also expected to impact operations.

The Group will monitor operating conditions closely amid this geopolitical and economic landscape, and adapt its strategies accordingly. It will continue to be prudent in terms of cash conservation and cash flow management to ensure its operations remain sustainable in this challenging environment.

11 Dividend

a. Current financial period reported on 31 January 2022

(i) Any dividend declared for the current financial period reported on? No

(ii) Any dividend recommended for the current financial period reported on? No

Name of Dividend	:	NA
Dividend Type	:	NA
Dividend Amount per Share	:	NA
Tax Rate	:	NA

b. Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	:	NA
Dividend Type	:	NA
Dividend Amount per Share	:	NA
Tax Rate	:	NA

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect

No dividend has been recommended for the period ended 31 January 2022.

APPENDIX V – HY2022 UNAUDITED FINANCIAL RESULTS



Condensed Interim Financial Statements For the Six Months ended 31 January 2022

F. Information Required by Listing Rule Appendix 7.2 (cont'd)

- 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 from its shareholders for IPTs.

- 14** *Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)*

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results of the Group and the Company for the financial period ended 31 January 2022 to be false or misleading in any material aspect.

- 15** *Confirmation that the issuer 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 of SGX-ST*

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Teo Hock Chwee
Executive Chairman

Chiong Su Been
Executive Director and Chief Financial Officer

7 March 2022
Singapore

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



14 June 2022

The Board of Directors
T T J Holdings Limited
57 Pioneer Road
Singapore 628508

Dear Sirs

VALUATION OF
(1) 57 PIONEER ROAD SINGAPORE 628508
(2) 51 SHIPYARD CRESCENT SINGAPORE 627809

Instructions

We refer to your instructions for formal valuations to be carried out in respect of the abovementioned properties (the "Properties") for the purposes of voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited.

We have specifically been instructed to provide our opinion of current Market Values of the Properties, on an "as is" basis, with vacant possession, subject to satisfactory completion of the addition & alteration (A&A) works and excluding the value of all plant & machinery.

We have, in accordance with the instructions, prepared formal comprehensive Valuation Reports and this Valuation Summary Letter, in accordance with the terms of engagement entered into between Knight Frank Pte Ltd and T T J Holdings Limited, dated 28 May 2022.

Our valuation is our opinion of the Market Value, which we would define as follows:

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

In preparing this valuation, we have relied on information provided by T T J Holdings Limited, particularly in respect of such matters as site and floor areas, floor plans, planning approvals, annual values, land rents, year of completion, etc. We have relied upon this information as being accurate and complete. We accept no responsibility for subsequent changes in the information provided. Dimensions, measurements and areas are only approximations.

All works are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met.

Unless otherwise stated, all valuation figures herein are stated on a net of GST basis.

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
Tel: +65 6222 1333 Fax: +65 6224 5843 Reg.No: 198205243Z CEA Licence No: L3005536J

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KF Property Network Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315



We have carried out site inspections, prepared and provided this Valuation Summary Letter outlining key factors that have been considered in arriving at our opinions of value for inclusion in, and/or to be made available for inspection under, the Circular to shareholders of T T J Holdings Limited (the "Circular"). The value conclusions reflect all information known by the valuers of Knight Frank Pte Ltd who worked on the valuation in respect to the Property, market conditions and available data.

Reliance on This Letter

We have prepared this Letter which outlines key factors which have been considered in arriving at our opinions of value for inclusion in, and/or to be made available for inspection under, the Circular. This letter alone does not contain all the necessary data and support information included in our Valuation Reports. Knight Frank Pte Ltd has provided T T J Holdings Limited comprehensive Valuation Reports for the Properties. The valuation and market information are not guarantees or predictions and must be read in conjunction with the following:

- (a) The estimated values are based upon the factual information provided by T T J Holdings Limited. Whilst Knight Frank Pte Ltd has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by T T J Holdings Limited or the Government of Singapore (primarily statistical information relating to market conditions). Knight Frank Pte Ltd believes that every recipient of the Circular should review the Valuation Reports to understand the complexity of the methodology and the many variables involved.
- (b) The primary methodology used by Knight Frank Pte Ltd in valuing the Properties is the Direct Comparison Method. The valuation methodology is summarised in the Valuation Rationale section of this Letter.
- (c) The Valuation Reports were undertaken based upon information available as of June 2022. Knight Frank Pte Ltd accepts no responsibility for subsequent changes in information as to floor area, income or market conditions.

The Valuation Reports, Valuation Summary Letter and Valuation Certificates may only be relied upon by T T J Holdings Limited for the purposes of voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited.

The Properties

The following provide a brief summary of the Properties.

57 Pioneer Road

The Property is an industrial development which comprises a single-storey factory cum 3-storey temporary ancillary workers' dormitory (365 workers), a 3-storey ancillary office block with roof garden, car park shelter, movable sheds and a concrete platform on the foreshore and seabed land. We understand that the single-storey factory and 3-storey temporary ancillary workers' dormitory were originally completed in 1996. The Temporary Occupation Permit for Phase 1 comprising the 3-storey ancillary office block and car park shelter was issued on 31 July 2018. The Temporary Occupation Permit for Phase 2 comprising additions and alterations to the 3-storey temporary ancillary workers' dormitory and movable sheds was issued on 31 January 2019.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



51 Shipyard Crescent

The Property is an industrial development which comprises a single-storey receiving factory, single-storey production line building (partially completed), substation, 2-storey administration office building, bunker storage, maintenance workshop and store, control building, container guard house, guard house and open production area. We understand that the bunker storage, control building and guard house were completed in 2007 and the single-storey receiving factory, single-storey production line building (partially completed), maintenance workshop and store and 2-storey administration office building were completed in 2021. We further understand that Temporary Occupation Permit for the proposed new buildings has not been issued due to the incompleteness of the proposed production line building.

The following table summarises key property details of the Property:

Property	Land Area (sm)	Gross Floor Area (sm)	Tenure	Master Plan 2019
57 Pioneer Road (Lots 2402P & 5057A Mukim 7)	18,995.3	13,812.41	<u>Lot 2402P Mukim 7</u> Leasehold 30+30 years commencing 16 November 1994 (Balance about 32.4 years) <u>Lot 5057A Mukim 7 (foreshore & seabed land)</u> Leasehold 38 years 11 months 9 days commencing 7 December 2015 (Balance of about 32.4 years)	"Business 2" with a gross plot ratio of 1.4
51 Shipyard Crescent	20,000.0	4,591.47	Leasehold 30 years commencing 1 January 2005 (Balance of about 12.6 years)	"Business 2" with a gross plot ratio of 1.4

Valuation Rationale

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

We have valued the Properties primarily by the Direct Comparison Method.

Direct Comparison Method

In this method, a comparison is made with sales of industrial buildings located in the vicinity and other locations. Adjustments are made, where appropriate, for differences in location, tenure, size, age/condition, sea frontage, frontage, building specifications, date of sale, etc., before arriving at the values of the Properties.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Current Market Value

We are of the opinion that the current Market Values (exclusive of GST) of the unencumbered remaining leasehold interests in the Properties, on an “as is” basis, with vacant possession, subject to satisfactory completion of the A&A works and excluding the value of all plant & machinery, for the purposes of voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited, at the valuation date, are:

Property	Market Value as at 14 June 2022
57 Pioneer Road	S\$36,000,000 (Singapore Dollars Thirty-Six Million Only)
51 Shipyard Crescent	S\$14,000,000 (Singapore Dollars Fourteen Million Only)

Disclaimer

We have prepared this Valuation Summary Letter for inclusion in, and/or to be made available for inspection under, the Circular and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within this Valuation Summary Letter and the enclosed Valuation Certificates. We do not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by Knight Frank Pte Ltd in this Valuation Summary Letter or in the Valuation Certificates.

Knight Frank Pte Ltd has relied upon property data supplied by T T J Holdings Limited, which we assume to be true and accurate. Knight Frank Pte Ltd takes no responsibility for inaccurate data supplied by T T J Holdings Limited and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party or parties involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We certify that our valuers undertaking the valuations are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of Properties.

Yours faithfully

A handwritten signature in black ink, appearing to read "Sherri Fong".

Sherri Fong
B.Sc.(Estate Management) Hons.,MSISV
Senior Director, Valuation & Advisory
Appraiser's Licence No. AD 041-2008950C
For and on behalf of Knight Frank Pte Ltd

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Valuation Certificate

Property : 57 Pioneer Road Singapore 628508

**Instructing Party/
Relying Party** : T T J Holdings Limited

Purpose of Valuation : Voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited

Legal Description : Lot Nos. : 2402P & 5057A (foreshore & seabed land)
Mukim : 7

Tenure :

Mukim 7 Lot Nos.	Tenure
2402P	Leasehold 30+30 years commencing 16 November 1994 (Balance about 32.4 years)
5057A (foreshore & seabed land)	Leasehold 38 years 11 months 9 days commencing 7 December 2015 (Balance of about 32.4 years)

Interest Valued : Leasehold interest

Basis of Valuation : Market Value on an "as is" basis, with vacant possession, and excluding all plant & equipment

Lessor/Lessee : JTC Corporation/T T J Design and Engineering Pte Ltd

Master Plan 2019 : "Business 2" with a gross plot ratio of 1.4

Brief Description : The Property is located on the south-western side of Pioneer Road, off Ayer Rajah Expressway and some 25.5 km from the City Centre.

The Property is an industrial development which comprises a single-storey factory cum 3-storey temporary ancillary workers' dormitory (365 workers), a 3-storey ancillary office block with roof garden, car park shelter, movable sheds and a concrete platform on the foreshore and seabed land. We understand that the single-storey factory and 3-storey temporary ancillary workers' dormitory were originally completed in 1996. The Temporary Occupation Permit for Phase 1 comprising the 3-storey ancillary office block and car park shelter was issued on 31 July 2018. The Temporary Occupation Permit for Phase 2 comprising additions and alterations to the 3-storey temporary ancillary workers' dormitory and movable sheds was issued on 31 January 2019.

Mukim 7 Lot Nos.	Land Area (sm)
2402P	17,003.0
5057A (foreshore & seabed land)	1,992.3
Total	18,995.3 (204,464 sf)

Gross Floor Area (GFA) : 13,812.41 sm (148,675 sf) approximately

Valuation Approach : Direct Comparison Method

Date of Inspection : 1 June 2022

Date of Issue : 14 June 2022

Valuation Date : 14 June 2022

Market Value (Exclusive of GST) : **S\$36,000,000**
(Singapore Dollars Thirty-Six Million Only)

Market Value on GFA : S\$2,606 psm (S\$242 psf)

Assumptions, Disclaimers, Limitations & Qualifications : *This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.*

Prepared by : Knight Frank Pte Ltd

Sherri Fong
B.Sc.(Estate Management) Hons.,MSISV
Senior Director
Valuation & Advisory
Appraiser's Licence No. AD 041-2008950C
For and on behalf of Knight Frank Pte Ltd

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
Tel: +65 6222 1333 Fax: +65 6224 5843 Reg.No: 198205243Z CEA Licence No: L3005536J

KnightFrank.com.sg
Other Offices:

Knight Frank Property Asset Management Pte Ltd 160 Paya Lebar Road #05-05 Orion@Paya Lebar Singapore 409022
KF Property Network Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Valuation Certificate

Property	:	51 Shipyard Crescent Singapore 627809
Instructing Party/ Relying Party	:	T T J Holdings Limited
Purpose of Valuation	:	Voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited
Legal Description	:	Lot No. : 3792M Mukim : 7
Tenure	:	Leasehold 30 years commencing 1 January 2005 (Balance of about 12.6 years)
Interest Valued	:	Leasehold interest
Basis of Valuation	:	Market Value on an "as is" basis, with vacant possession, subject to satisfactory completion of the addition & alteration (A&A) works and excluding all plant & equipment
Lessor/Lessee	:	JTC Corporation/T T J Greenfuel Pte. Ltd.
Master Plan 2019	:	"Business 2" with a gross plot ratio of 1.4
Brief Description	:	The Property is located on the western side of Shipyard Crescent, off Pioneer Road and some 23.5 km from the City Centre. The Property is an industrial development which comprises a single-storey receiving factory, single-storey production line building (partially completed), substation, 2-storey administration office building, bunker storage, maintenance workshop and store, control building, container guard house, guard house and open production area. We understand that the bunker storage, control building and guard house were completed around 2007 and the single-storey receiving factory, single-storey production line building (partially completed), maintenance workshop and store and 2-storey administration office building were completed in 2021. We further understand that Temporary Occupation Permit for the proposed new buildings has not been issued due to the incompleteness of the proposed production line building.
Land Area (LA)	:	20,000.0 sm (215,278 sf)
Gross Floor Area (GFA)	:	4,591.47 sm (49,422 sf) approximately <i>Note: Excluding the uncompleted section of the production line building.</i>
Valuation Approach	:	Direct Comparison Method
Date of Inspection	:	1 June 2022
Date of Issue	:	14 June 2022
Valuation Date	:	14 June 2022
Market Value (Exclusive of GST)	:	S\$14,000,000 (Singapore Dollars Fourteen Million Only)
Market Value on GFA	:	S\$3,049 psm (S\$283 psf)
Assumptions, Disclaimers, Limitations & Qualifications	:	<i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the certificate. Reliance on this certificate and extension of our liability is <u>conditional</u> upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
Prepared by	:	Knight Frank Pte Ltd  Sherri Fong B.Sc.(Estate Management) Hons.,MSISV Senior Director Valuation & Advisory Appraiser's Licence No. AD 041-2008950C For and on behalf of Knight Frank Pte Ltd

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
Tel: +65 6222 1333 Fax: +65 6224 5843 Reg.No: 198205243Z CEA Licence No: L3005536J

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Other Offices:

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KF Property Network Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315



General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report and/or certificate.

1. Knight Frank Pte Ltd ("the company")

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

Our GST registration number is M2-0058829-X.

2. Limitations on Liability

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S\$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

3. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

4. Our Fees

If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 1.5% per month. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

If before the valuation is concluded :-

(a) you end this instruction, we will charge abortive fees; or

(b) you delay the instruction by more than [1] month or materially alter the instruction so that additional work is required at any stage we will charge additional fees,

And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

5. Valuation Standards

Valuations and appraisals will be carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Practice Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism will be met.

6. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

7. Titles and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or Certificate of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property.

8. Disposal Costs and Liabilities

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any GST that may become chargeable. Property are valued disregarding any mortgages or other charges.

9. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



10. Boundaries

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

11. Planning and Other Statutory Regulations

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that Property have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

12. Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

13. Building Areas and Age

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

14. Structural Condition

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume Property to be free from defect.

15. Ground Conditions

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

16. Environmental Issues

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value Property or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

17. Leases

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

18. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

19. Loan Security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

20. Build Cost Information

Where our instruction requires us to have regard to build cost information, for example in the valuation of Property with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

21. Reinstatement Assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

22. Attendance in Court

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



PA INTERNATIONAL
PROPERTY CONSULTANTS SDN BHD
(199401000601) (286279-D) (V1100771)
PA 国际物业顾问有限公司

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Johor Darul Takzim
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☎ +607-2241780
✉ pajb@pa.com.my
🌐 www.pa.com.my



Our reference : JB/2022/0235

13 June 2022

The Board of Directors
M/s TTJ Holdings Limited
No. 57 Pioneer Road
Singapore 628508

Dear Sirs,

**REPORT AND VALUATION ON LOT 186582, TITLE NO. PN 69673, MUKIM OF PLENTONG,
DISTRICT OF JOHOR BAHRU, JOHOR, MALAYSIA.**

Instructions

We have been instructed by Messrs. TTJ Holdings Limited to ascertain the Market Value of the leasehold interest in the above-mentioned property (hereinafter referred to as the ‘Subject Property’) for the purposes of a voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of TTJ Holdings Limited.

We are pleased to certify that we have conducted a formal valuation report and valued the legal interest in the Subject Property as at the date of Valuation on 2 June 2022.

Valuations

The valuation report has been prepared based on the “Malaysian Valuation Standards, Sixth Edition 2019” prescribed by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia, Ministry of Finance. The basis of valuation for the purpose of the valuation report is **MARKET VALUE** as defined in the **MALAYSIAN VALUATION STANDARDS, SIXTH EDITION 2019**:



Registered Valuers * Property Consultants * Plant & Machinery Valuers
Chairman : **K.Parampathy** Managing Director : **Jerome Hong Boon Peng** Deputy Managing Director : **Siew Kok Kong**
Executive Directors : **V. Sivadas, A. Subramaniam, Sophia Tang Poh Hun, Ng Joo Weng, Michael Loo Choo Beng**
Associate Directors : **M. Prakash, Ong Hai Chuan, Patrick Loo Choo Wei, Chock Siew Nee**



(A Member of PA International Group of Companies)

OFFICES : Kuala Lumpur • Johor Bahru • Klang • Seremban • Klang • Petaling Jaya • Ipoh • Penang • Kedah
REPRESENTATIVE OFFICE : Ho Chi Minh City (Vietnam)

**Market Value Basis of Valuation**

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

The necessary title search has been conducted at the Registry of Lands and Mines Johor, Malaysia. The valuation report has been prepared with reference to all the records of approved floor plans and other relevant information. All data and information thus obtained from the said sources are deemed correct for the purpose of this valuation.

Subject Property

The Subject Property is a 60-year leasehold industrial plot with an unexpired term of about 35 years. The site measures 8.599 hectares (about 21.2486 acres) and is built upon with factory buildings and other ancillary structures. It bears postal address PLO 522, Jalan Keluli 7, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia . Further details of the Subject Property are as follows:-

Subject Property	The Subject Property is a 60-year leasehold industrial plot with an unexpired term of about 35 years built upon with factory buildings and other ancillary structures. It bears postal address PLO 522, Jalan Keluli 7, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia.
Legal Description	Title No. PN 69673, Lot 186582, Mukim of Plentong, District of Johor Bahru, Johor, Malaysia
Tenure	60-year leasehold interest expiring on 7 October 2057, thus leaving an unexpired term of about 35 years as at the date of valuation
Titled Area	8.599 hectares (about 21.2486 acres)
Gross Floor Area	About 21,455.31 square metres (230,943 square feet)

Valuation Rationale

The industrial buildings thereon are of individual design.

The valuation is arrived at by the Cost Approach which is based on an estimate of the market value of the land for its existing use plus the current gross replacement cost of improvements less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

The value of the land element is arrived at by the Comparison Approach i.e. on the basis of recent prices paid and current offers for comparable properties in the neighbourhood as adjusted for various factors affecting values including location, accessibility, plot size and shape, building area and condition, neighbourhood character, improvements thereon etc.

The values arrived at by the above method are not taken in isolation but viewed in the context of the market value of the property as a whole, having regard to present property market trends in general and the relevant sector of the property market in particular.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Premised on the foregoing, we assess the market value of the 60-year leasehold interest expiring on 7 October 2057 in the subject property, as at 2 June 2022, for the purposes of a voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of TTJ Holdings Limited., on a vacant possession and unencumbered basis, is **RM49,110,000.00**

(Ringgit Malaysia Forty Nine Million One Hundred and Ten Thousand only)

The Report and Valuation is prepared in accordance with the requirements as set out in the "Malaysian Valuation Standards, Sixth Edition 2019" prescribed by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and specifically for the stated purpose herein and shall NOT be used for any other purpose without our prior written consent.

Yours faithfully

PA INTERNATIONAL PROPERTY CONSULTANTS SDN BHD



SIVADAS C.P.VELAYUDHAN (V-554)

Chartered Surveyor, Registered Valuer, FPEPS, FRISM, MRICS, MMIEA,

B.Surveying (Hons.) Property Management.

SV/csn-lth

13 June 2022

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



VALUATION CERTIFICATE

Our Reference	: JB/2022/0235																																
Name of Client	: M/s TTJ Holdings Limited																																
Date of Inspection	: 2 June 2022																																
Date of Valuation	: 2 June 2022																																
Method of Valuation	: Cost Approach																																
Purpose of Valuation	: For the purposes of a voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of TTJ Holdings Limited																																
Property Description	: The subject property is a 60-year leasehold industrial plot with an unexpired term of about 35 years. The site measures 8.599 hectares (about 21.2486 acres) and is built upon with factory buildings and other ancillary structures. It bears postal address PLO 522, Jalan Keluli 7, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia. It lies about 25 kilometres to the east of Johor Bahru City, Johor, Malaysia.																																
Legal Description	: Title No. PN 69673, Lot 186582, Mukim of Plentong, District of Johor Bahru, Johor, Malaysia																																
Tenure	: 60-year leasehold interest expiring on 7 October 2057, thus leaving an unexpired term of about 35 years as at the date of valuation																																
Registered Owner	: MTTJ Engineering Sdn. Bhd.																																
Titled Land Area	: 8.599 hectares (about 21.2486 acres)																																
Gross Floor Area	: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Main Buildings / Structures</th> <th style="text-align: center;">Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td>Two units of single storey detached factories (Workshop 1 and 2 - Steel Fabrication Area)</td> <td>About 13,104.00 square metres</td> </tr> <tr> <td>A single storey detached factory (Painting Area)</td> <td>About 1,577.42 square metres</td> </tr> <tr> <td>A double storey office block</td> <td>About 1,262.47 square metres</td> </tr> <tr> <td>A single storey canteen</td> <td>About 294.00 square metres</td> </tr> <tr> <td>A single storey detached factory (Workshop 3 - Steel Fabrication Area)</td> <td>About 3,640.00 square metres</td> </tr> <tr> <td>A single storey detached factory (Auto Blast Area)</td> <td>About 1,577.42 square metres</td> </tr> <tr> <td>Total</td> <td>About 21,455.31 square metres (About 230,943 square feet)</td> </tr> <tr> <th colspan="2" style="text-align: left;">Ancillary Buildings</th> </tr> <tr> <td>Recreation Building</td> <td>About 432.00 square metres</td> </tr> <tr> <td>Pump room</td> <td>About 176.02 square metres</td> </tr> <tr> <td>Transformer and Generator room</td> <td>About 126.00 square metres</td> </tr> <tr> <td>TNB substation</td> <td>About 78.00 square metres</td> </tr> <tr> <td>Guard House</td> <td>About 32.98 square metres</td> </tr> <tr> <td>Bin Centre</td> <td>About 6.53 square metres</td> </tr> <tr> <td>Covered carpark shed</td> <td>About 180 square metres</td> </tr> </tbody> </table>	Main Buildings / Structures	Gross Floor Area	Two units of single storey detached factories (Workshop 1 and 2 - Steel Fabrication Area)	About 13,104.00 square metres	A single storey detached factory (Painting Area)	About 1,577.42 square metres	A double storey office block	About 1,262.47 square metres	A single storey canteen	About 294.00 square metres	A single storey detached factory (Workshop 3 - Steel Fabrication Area)	About 3,640.00 square metres	A single storey detached factory (Auto Blast Area)	About 1,577.42 square metres	Total	About 21,455.31 square metres (About 230,943 square feet)	Ancillary Buildings		Recreation Building	About 432.00 square metres	Pump room	About 176.02 square metres	Transformer and Generator room	About 126.00 square metres	TNB substation	About 78.00 square metres	Guard House	About 32.98 square metres	Bin Centre	About 6.53 square metres	Covered carpark shed	About 180 square metres
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Planning Details	: Zoned for industrial use by Planning Department of Pasir Gudang City Council (MBPG), as per title's express conditions.																																

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Valuation Approach	:	Cost Approach
Basis of Valuation	:	Market Value basis of valuation
Market Value	:	RM49,110,000.00 (Ringgit Malaysia Forty Nine Million One Hundred and Ten Thousand only)

The Report and Valuation is prepared in accordance with the requirements as set out in the "Malaysian Valuation Standards, Sixth Edition 2019" prescribed by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and specifically for the stated purpose herein and shall NOT be used for any other purpose without our prior written consent.

Yours faithfully
PA INTERNATIONAL PROPERTY CONSULTANTS SDN BHD

SIVADAS C.P. VELAYUDHAN (V-554)
Chartered Surveyor, Registered Valuer, FPEPS, FRISM, MRICS, MMIEA,
B.Surveying (Hons.) Property Management.
SV/csn-lth
13 June 2022



Our Ref. VL/mk/R0157/2022

24 May 2022

T T J Green Energy (Thailand) Company Limited

399 Interchange 21 Tower, 32nd - 33rd Floor
Sukhumvit Road, Khlong Toei Nuea Sub-district
Wattana District, Bangkok 10110 Thailand

Attention: The Managing Director

Dear Sir,

RE: VALUATION CERTIFICATE OF LAND WITH FACTORY BUILDING, OTHER IMPROVEMENTS, MACHINERY AND EQUIPMENT BELONGING TO 'T T J GREEN ENERGY (THAILAND) COMPANY LIMITED', BEARING ADDRESS NO. 345 MOO 7, WITHIN THE 'GATEWAY CITY INDUSTRIAL ESTATE', LOCATED ON HIGHWAY NO.331 (SATTAHIP - KHAO HIN SON ROAD), WITHIN HUA SAMRONG SUB-DISTRICT, PLAENG YAO DISTRICT, CHACHOENGSAO PROVINCE, THAILAND.

Knight Frank Chartered (Thailand) Company Limited were instructed by "T T J Green Energy (Thailand) Company Limited" (Herein referred to as the "Client") to ascertain the Market Value of the above mentioned property (hereinafter referred to as the "Subject Property"). The attached Valuation Certificate and Valuation Report have been prepared for T T J Green Energy (Thailand) Company Limited for the purpose of a voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited.

The Valuation was prepared in conformity with the local Thai Code of Professional Ethics and Conduct and the Valuation Standards published by the Thai Valuers Association (TVA), the Valuers Association of Thailand, and other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (where applicable).

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed in our formal Valuation Agreement and Valuation Report. The basis of valuation adopted is the **Market Value** which is defined as *'the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion'*.

Knight Frank Chartered (Thailand) Company Limited inspected the Subject Property on 9th and 12th May 2022 and adopted 12th May 2022 as the Date of Valuation.

An Executive Summary which brief description of the Subject Property is as attached overleaf:

Knight Frank Chartered (Thailand) Co., Ltd.

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Knight Frank Chartered (Thailand) Co., Ltd. is a limited liability partnership registered in Thailand with registered number 0105535104425. Our registered office is 33/4, The 9th TOWERS, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04, Rama 9 Road, Huaykwang, Huaykwang, Bangkok 10310 where you may look at a list of members names.



Executive Summary

Reference No.	R0157/2022.												
Purpose Of Valuation	To advise on the Market Value for the existing use of the Subject Property for the purpose of a voluntary conditional offer for all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of T T J Holdings Limited.												
Location	The Subject Property is bearing address No. 345 Moo 7 within the 'Gateway City Industrial Estate' approximately 6.25 kilometres eastern side of Highway No.331 Road (Sattahip - Khao Hin Son Road), within Hua Samrong Sub-District, Plaeng Yao District, Chachoengsao Province, Thailand.												
Description	The Subject Property consists of freehold parcel of land with factory building, other improvements, machinery and Equipment, which is currently operated as the factory premises of 'T T J Green Energy (Thailand) Company Limited'.												
Land Details	<p>Comprises four (4) registered land plots (Chanote Thidin) non-contiguous, containing a total registered land area of 19 rai 99.60 square wah (7,699.60 square wah or 19.2490 rai or 30,798.40 square metres). The site is nearly rectangular in shape, with two road frontages of Soi 11/2 and Soi 11/3 of approximately 280 metres and 80 metres (respectively). The land is filled at the same frontage road level.</p> <p><u>Note:</u> According to the land plot plan. The land is separated by a public road. For this valuation, we have an assumption the subject land under that it can be used continuously and connected to the same plot, but cannot construct building on the public road.</p>												
Building & Other Improvements	<p>Consisting of two (2) main items at buildings and other improvements. The ages of buildings is about 3-7 years old and have been generally fair maintained and condition. The details are summarised herein below:-</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Name of Building</th> <th>Dimension (m. x m.)</th> <th>Total Area</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Factory Building</td> <td>72.00 x 136.00</td> <td>9,792.00 sq.m.</td> </tr> <tr> <td>2</td> <td>Factory and Office Building</td> <td>27.00 x 36.00</td> <td>997.00 sq.m.</td> </tr> </tbody> </table> <p><u>Remark:-</u> On the inspection date, we found that some parts of item No. 2 (factory and office building), have building construction on public road (no condition of road). We have excluded this floor area from our valuation. Therefore, the net floor area under valuation is approximately 268 square metres.</p>	Item	Name of Building	Dimension (m. x m.)	Total Area	1	Factory Building	72.00 x 136.00	9,792.00 sq.m.	2	Factory and Office Building	27.00 x 36.00	997.00 sq.m.
Item	Name of Building	Dimension (m. x m.)	Total Area										
1	Factory Building	72.00 x 136.00	9,792.00 sq.m.										
2	Factory and Office Building	27.00 x 36.00	997.00 sq.m.										

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Machinery & Equipment	<p>The Machinery and Equipment for Biomass Pellets from Sawdust production process consisting of 2 groups within 50 items consisting of:-</p> <p><u>Group 1 : Biomass pellet processing machinery (Refer R.0182/2018)</u> The Machinery & Equipment are total 32 Items; most of machineries and equipment are imported from China, Korea and made in Thailand. The machinery and equipment have been used around 5 to 17 years, all of machineries are stopped operate around 2 years later, some machineries have been removed and disassembled from the production line and are in poor condition.</p> <p><u>Group 2 : Biomass pellet processing machinery (New Machinery) total 18 items</u> The Machinery & Equipment are total 18 Items, most of machineries and equipment are imported from Singapore, China, Korea, Vietnam and made in Thailand. The machinery and equipment have been used around 2-3 years, all of machineries are stopped operate around 2 years, and all of machineries are in new condition. All of machineries are not registered from 'The Central Office for Machinery Registration'.</p>
Tenure	Freehold.
Zoning / Regulations	<p><u>Zoning</u> Located within 'Industrial and Warehouse Zone' (Area No. 2.4) under the Chachoengsao Province Town Plan. B.E. 2555.</p> <p>The Subject Property is located within the area defined as 'Special Economic Zone' (Area No. Aor 8). B.E. 2562.</p>
Public Facilities	Provided to this area are electricity supply, water supply, drainage system and telephone lines.
Proposed Infrastructure Projects	<ul style="list-style-type: none"> • High Speed Rail Development Project from Bangkok to Rayong • Expansion of Suvarnabhumi International Airport Phase 2. • Expansion of Laem Chabang Deep Sea Port. • Eastern Economic Corridor Development (EEC).
Title Details	Comprised under four (4) registered land plots (Chanote Thidin). Please refer to the Title Details section of the Report for more details.

APPENDIX VI – VALUATION REPORTS BY THE INDEPENDENT VALUERS



Highest & Best Use	Industrial Use (Factory).
Methods Of Valuation	<ul style="list-style-type: none">• Cost Method (Comparative Method to indicate the value of land, and Depreciated Replacement Cost Method to indicate the value of buildings and other improvements).• Both Comparative and / or Depreciated Replacement Cost Methods for Machinery & Equipment.
Valuation Date	12 May 2022.
Market Value	THB 192,200,000.- (Thai Baht One Hundred Ninety Two Million And Two Hundred Thousand Only)
MV Analysis	<p>Land: Market Value per Rai: THB 3,200,000.- or totally THB 61,600,000.-</p> <p>Buildings & Other Improvements: Total RCN at THB 87,100,000.- and Total DRC at THB 67,500,000.-</p> <p>Machinery & Equipment: Total RCN at THB 138,400,000.- and Total DRC at THB 63,100,000.-</p>



Valuation Certification

Final Opinion of Values

Market Value

In accordance with details outlined in this report and having given very careful consideration to all relevant factors, we are of the opinion that the **Market Value for the Existing Use of the Subject Property**, in its existing condition and free from all encumbrances, as at 12 May 2022, and subject to our assumptions and conditions stated hereinabove, our opinions of values are as follows:

Details of The Subject Property	Market Value for the Existing Use (THB)
Land	61,600,000
Buildings & Other Improvements	67,500,000
Machinery & Equipment	63,100,000
Total	192,200,000
(Thai Baht One Hundred Ninety Two Million And Two Hundred Thousand Only)	

Signature

Yours Faithfully,

For and on Behalf of Knight Frank Chartered (Thailand) Company Limited

Mr Channarong Pholpuech

Director - Valuation & Advisory Department

Qualified General Valuer No. 333

**Valuer & Inspector : Mr Sompong Phattharawongsiri
Mr Peerakarn Wasutornpipat
Mr Ashira Pradip Na Talang**