

CIRCULAR DATED 10 MARCH 2022

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

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

If you have sold all your ordinary shares in the capital of Ley Choon Group Holdings Limited (the **"Company"**), please forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser.

The legal adviser appointed by the Company for the purpose of the corporate actions set out in this Circular is Wong Tan & Molly Lim LLC.

In view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, a printed copy of this Circular will **NOT** be despatched to shareholders of the Company (**"Shareholders"**). Instead, this Circular will be sent to the members solely by electronic means via publication on the Company's website at <https://www.leychoon.com> and will also be available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Due to the current COVID-19 restriction orders in the Republic of Singapore, Shareholders will not be able to attend the extraordinary general meeting of the Company to be held on 25 March 2022 at 2:00 p.m., notice of which is set out on pages 59 to 62 of this Circular (**"EGM"**). Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions to the Chairman of the Meeting in advance of or "live" at the EGM; and/or (c) voting at the EGM (i) "live" by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the EGM. Please refer to the Notice of EGM for further information, including the steps to be taken by Shareholders to participate and vote at the EGM.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the **"Sponsor"**), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Circular. The issue of a listing and quotation notice in respect of the Conversion Shares (as defined herein) by the SGX-ST is not to be taken as an indication of the merits of the Proposed Extension of Conversion Rights (as defined herein), the Proposed Issue of the Conversion Shares (as defined herein), the Company, its subsidiaries and their securities.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd. at 6 Raffles Quay, #24-02, Singapore 048580: [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com).



**LEY CHOON GROUP HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198700318G)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (A) THE PROPOSED EXTENSION OF CONVERSION RIGHTS PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS; AND**
- (B) THE PROPOSED ISSUE OF THE CONVERSION SHARES TO ZHENG CHOON HOLDING PTE. LTD. AT THE CONVERSION PRICE OF S\$0.0567 FOR EACH CONVERSION SHARE (ASSUMING NO ADJUSTMENT IS MADE TO THE CONVERSION PRICE) UPON THE CONVERSION OF A CONVERSION RIGHT PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS**

**INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE INTERESTED PERSON TRANSACTION**



**SAC CAPITAL PRIVATE LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200401542N)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	:	23 March 2022 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	25 March 2022 at 2.00 p.m.
Place of Extraordinary General Meeting	:	by way of electronic means

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## DEFINITIONS

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

- “Adjustment”*** : The adjustment of the conversion prices of the Master Murabaha Facility Agreements following the completion of the rights issue of the Company on 11 May 2017 from the original conversion price of S\$0.081 per IBA Conversion Share to S\$0.0567 per Conversion Share
- “Associate”*** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”*** : The audit committee of the Company for the time being
- “Business Day”*** : A day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Singapore, and (in relation to any date for payment or purchase of a currency) the principal financial centre of the country of that currency
- “Call Options”*** : The call option agreements dated 11 October 2016 entered into between the Company, Zheng Choon and the Bank, as novated by the Novation Agreement
- “Catalist Rules”*** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
- “CDP”*** : The Central Depository (Pte) Limited
- “Circular”*** : This circular dated 10 March 2022 to the Shareholders
- “Commodities”*** : In relation to a Purchase Contract, the Sharia compliant commodities specified in the Offer Letter relating to that Purchase Contract, which may comprise London Metal Exchange metals, platinum group metals or such other metals or Sharia compliant commodities traded on the London Metal Exchange or any other metal or commodity exchange
- “Company”*** : Ley Choon Group Holdings Limited
- “Companies Act”*** : The Companies Act 1967 of Singapore, as amended or modified from time to time

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## DEFINITIONS

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<i>“Control”</i>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	: A person who: <ul style="list-style-type: none"><li>(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or</li><li>(b) in fact exercises Control over the Company</li></ul>
<i>“Conversion Amount”</i>	: In relation to each of the Master Murabaha Facility Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that Master Murabaha Facility Agreement (less the amount of Ibra’ (rebate) (if any) that the New Lender may grant on such outstanding amount in accordance with the terms of that Master Murabaha Facility Agreement)
<i>“Conversion Date”</i>	: The date specified in a notice of conversion to be completed, executed and deposited by the New Lender (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements
<i>“Conversion Period”</i>	: The following periods: <ul style="list-style-type: none"><li>(a) from and including 1 January 2018 to and including 31 December 2022 in respect of the Master Murabaha Facility Agreement 1;</li><li>(b) from and including 1 July 2018 to and including 31 December 2022 in respect of the Master Murabaha Facility Agreement 2; and</li><li>(c) from and including 1 January 2019 to and including 31 December 2022 in respect of the Master Murabaha Facility Agreements 3 and 4</li></ul>
<i>“Conversion Price”</i>	: The price at which Conversion Shares will be issued upon conversion which shall be Singapore Dollars point zero five six seven (S\$0.0567) per Conversion Share, as adjusted pursuant to the Adjustment and subject to further adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 1 to this Circular
<i>“Conversion Rights”</i>	: The right of the New Lender (or its nominee) to convert the whole of the Conversion Amount in respect of a Purchase Contract into Conversion Shares at any time during the Conversion Period at the Conversion Price
<i>“Conversion Shares”</i>	: The new Shares to be issued and allotted by the Company following the exercise of the Conversion Rights by the New Lender (or its nominee) during the Conversion Period
<i>“Current Market Price”</i>	: Has the meaning ascribed to it in Appendix 1 to this Circular
<i>“Deferred Sale Price”</i>	: In relation to a Purchase Contract entered into under each 2016 Master Murabaha Facility Agreement, the amount payable by the Company to the Bank for the purchase of Commodities under the Purchase Contract and calculated in accordance with the terms and subject to the conditions of that 2016 Master Murabaha Facility Agreement

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## DEFINITIONS

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<i>“Directors” or “Board”</i>	: The board of directors of the Company for the time being
<i>“EGM”</i>	: The extraordinary general meeting of the Company, notice of which is set out on pages 59 to 62 of this Circular
<i>“EPS”</i>	: Earnings per Share
<i>“Facility Limit”</i>	: The aggregate facility limit of the Murabaha Facilities being as of the Latest Practicable Date, Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S\$15,975,000)
<i>“First Supplemental Deed”</i>	: The supplemental deed entered into between the Company and the Bank dated 31 May 2021, with effect from 31 March 2021
<i>“Group”</i>	: The Company and its subsidiaries for the time being
<i>“IB Asia” or the “Bank” or the “Commodity Agent” or the “Original Lender”</i>	: The Islamic Bank of Asia Limited as the bank and commodity agent under the 2014 Master Murabaha Facility Agreement, 2016 Master Murabaha Facility Agreements, 2021 Master Murabaha Facility Agreements, and the original lender under the Novation Agreement, respectively
<i>“IBA Conversion Amount”</i>	: In relation to each of the 2016 Master Murabaha Facility Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that 2016 Master Murabaha Facility Agreement (less the amount of Ibra’ (rebate) (if any) that the Bank may grant on such outstanding amount in accordance with the terms of that 2016 Master Murabaha Facility Agreement)
<i>“IBA Conversion Right”</i>	: The right of the Bank (or its nominee) to convert the whole of the IBA Conversion Amount in respect of a Purchase Contract into IBA Conversion Shares at any time during the 2016 Conversion Period at the 2016 Conversion Price
<i>“IBA Conversion Shares”</i>	: The new Shares to be issued and allotted by the Company following the exercise of the IBA Conversion Rights by the Bank (or its nominee) during the 2016 Conversion Period
<i>“IFA Letter”</i>	: The letter dated 10 March 2022 from the IFA to the Audit Committee in relation to the Proposed Issue of the Conversion Shares as an Interested Person Transaction as set out in Appendix 2 to this Circular
<i>“Independent Financial Adviser” or “IFA”</i>	: SAC Capital Private Limited, the independent financial adviser to the Audit Committee in relation to the Proposed Issue of the Conversion Shares as an Interested Person Transaction
<i>“Interested Person Transaction”</i>	: Has the meaning ascribed to it in paragraph 3.2(f) of this Circular
<i>“Latest Practicable Date”</i>	: 21 February 2022, being the latest practicable date prior to the electronic despatch of this Circular
<i>“Master Murabaha Facility Agreements” and each “Master Murabaha Facility Agreement 1, 2, 3 or 4” as the case may be</i>	: Four (4) Master Murabaha Facility Agreements, each entered into between the Company and IB Asia on 11 October 2016 for the provision of the Murabaha Facilities as amended by the First Supplemental Deed, novated by the Novation Agreement, and further amended by the Second Supplemental Deed

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## DEFINITIONS

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<i>“Murabaha Facilities”</i>	: The murabaha facilities made available under the Master Murabaha Facility Agreements in an aggregate amount of up to Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S\$15,975,000) provided by the New Lender to the Company in accordance with and subject to the conditions of the Master Murabaha Facility Agreements
<i>“Novation Agreement”</i>	: The novation agreement dated 23 December 2021 entered into between the Company, Zheng Choon (as the New Lender and the Murabaha Sponsor) and IB Asia (as the Bank and the Commodity Agent)
<i>“NTA”</i>	: Net tangible assets
<i>“Obligor”</i>	: Means a Chargor, a Zheng Choon Shareholder, the Company or Zheng Choon
<i>“Offer Letter”</i>	: An offer in writing from the Bank to the Company (offering to enter into a Purchase Contract) substantially in the form set out in each 2016 Master Murabaha Facility Agreement
<i>“Proposed Extension of Conversion Rights”</i>	: The proposed extension of conversion rights to convert the whole (and not part) of the Conversion Amount thereunder into Conversion Shares at any time during the Conversion Period under each Master Murabaha Facility Agreement at a Conversion Price of S\$0.0567 per Conversion Share, subject to adjustments provided in the Master Murabaha Facility Agreements and set out in Appendix 1 to this Circular
<i>“Proposed Issue of the Conversion Shares”</i>	: The proposed allotment and issue of Conversion Shares to Zheng Choon at a Conversion Price of S\$0.0567 per Conversion Share, subject to adjustments provided in the Master Murabaha Facility Agreements and set out in Appendix 1 to this Circular, pursuant to the conversion of the whole (and not part) of the Conversion Amount thereunder into Conversion Shares at any time during the Conversion Period under each Master Murabaha Facility Agreement
<i>“Public Shareholder”</i>	: Persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons
<i>“Purchase Contract”</i>	: Each agreement for the sale by the Bank of Commodities and the purchase of those Commodities by the Company on deferred payment terms pursuant to the 2016 Master Murabaha Facility Agreements
<i>“Purchase Price”</i>	: The amount payable or paid by the Bank to the Commodity Seller for the purchase of Commodities by the Bank as specified in the relevant Offer Letter
<i>“Second Supplemental Deed”</i>	: The supplemental deed entered into between the Company and Zheng Choon (as the New Lender) dated 7 January 2022, with effect from 31 December 2021
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	: Persons (other than CDP) who are for the time being registered as holders of the Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register

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## DEFINITIONS

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<i>“Shares”</i>	: Ordinary shares in the capital of the Company
<i>“Sharia”</i>	: The principles and requirements of sharia as interpreted and determined by the Sharia Supervisory Board of the Bank
<i>“SIBOR”</i>	: The Singapore Interbank Offered Rate, details of which are set out in the Master Murabaha Facility Agreements
<i>“Substantial Shareholder”</i>	: A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
<i>“S\$” and “cents”</i>	: Singapore dollars and cents, respectively
<i>“Termination Date”</i>	: 31 December 2022
<i>“Transaction Date”</i>	: In relation to a Purchase Contract, the date specified as such in the Offer Letter corresponding to that Purchase Contract, being the date on which the Bank intends to sell to the Company the Commodities under that Purchase Contract
<i>“Zheng Choon” or the “Murabaha Sponsor” or the “New Lender”</i>	: Zheng Choon Holding Pte. Ltd. as the Sponsor under the 2016 Call Options, and as the Sponsor and the New Lender under the Call Options and the Novation Agreement, respectively
<i>“Zheng Choon Shareholders”</i>	: Collectively, Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Toh Chew Chai who are brothers
<i>“2014 Master Murabaha Facility Agreement”</i>	: The Master Murabaha Facility Agreement dated 13 February 2014
<i>“2016 Call Options”</i>	: The call option agreements dated 11 October 2016 entered into between the Company, Zheng Choon and the Bank
<i>“2016 Conversion Date”</i>	: The date specified in a notice of conversion to be completed, executed and deposited by the Bank (or its nominee), in or substantially in, the form set out in the 2016 Master Murabaha Facility Agreements
<i>“2016 Conversion Period”</i>	: The following periods: <ul style="list-style-type: none"> <li>(a) from and including 1 January 2018 to and including 31 March 2021 in respect of the 2016 Master Murabaha Facility Agreement 1;</li> <li>(b) from and including 1 July 2018 to and including 31 March 2021 in respect of the 2016 Master Murabaha Facility Agreement 2; and</li> <li>(c) from and including 1 January 2019 to and including 31 March 2021 in respect of the 2016 Master Murabaha Facility Agreements 3 and 4</li> </ul>
<i>“2016 Conversion Price”</i>	: The price at which IBA Conversion Shares will be issued upon conversion which shall be Singapore Dollars point zero eight one (S\$0.081) per IBA Conversion Share, subject to adjustment provided in the 2016 Master Murabaha Facility Agreements

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## DEFINITIONS

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- “2016 Debt Restructuring Agreement”* : The debt restructuring agreement dated 23 September 2016 and made between (a) the Company and the other companies listed in Part I of Schedule 1 thereof, as debtors, (b) the financial institutions listed in Part II of Schedule 1 thereof, as super senior creditors, (c) the financial institutions listed in Part III of Schedule 1 thereof, as group 1 senior creditors, (d) the financial institutions listed in Part IV of Schedule 1 thereof, as group 2 senior creditors, (e) the Bank, as junior creditor, (f) Ernst & Young Solutions LLP, as monitoring accountant and (g) Madison Pacific Trust Limited, as security agent
- “2016 Facility Limit”* : The aggregate facility limit of the 2016 Murabaha Facilities being Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S\$15,975,000)
- “2016 Master Murabaha Facility Agreements” and each of “2016 Master Murabaha Facility Agreement 1, 2, 3 or 4” as the case may be* : Four (4) Master Murabaha Facility Agreements, each entered into between the Company and IB Asia on 11 October 2016 for the provision of the 2016 Murabaha Facilities prior to amendment by the First Supplemental Deed, novation by the Novation Agreement, and amendment by the Second Supplemental Deed
- “2016 Murabaha Facilities”* : The murabaha facilities made available under the 2016 Master Murabaha Facility Agreements in an aggregate amount of up to Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S\$15,975,000) provided by the Bank to the Company in accordance with and subject to the conditions of the 2016 Master Murabaha Facility Agreements
- “2021 Debt Restructuring Agreement”* : The 2016 Debt Restructuring Agreement as amended and restated by the amendment and restatement agreement dated 18 August 2021 and made between (a) the Company and the other companies listed in Part I of Schedule 1 thereof, as debtors, (b) the financial institutions listed in Part II of Schedule 1 thereof, as senior creditors, (c) the financial institution listed in Part III of Schedule 1 thereof, as junior creditor, (d) Ernst & Young Solutions LLP, as monitoring accountant and (g) Madison Pacific Trust Limited, as security agent
- “2021 Master Murabaha Facility Agreements” and each “Master Murabaha Facility Agreement 1, 2, 3 or 4” as the case may be* : Four (4) Master Murabaha Facility Agreements, each entered into between the Company and IB Asia on 11 October 2016 for the provision of the 2016 Murabaha Facilities as amended by the First Supplemental Deed, but prior to novation by the Novation Agreement and amendment by the Second Supplemental Deed
- “%” or “per cent.”* : Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore. The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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. References to persons shall, where applicable, include corporations.

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

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 Catalist Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Catalist Rules or modification as the case may be, unless otherwise provided.

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



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## LETTER TO SHAREHOLDERS

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### LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198700318G)

#### Directors:

Mr Toh Choo Huat (Executive Chairman and Chief Executive Officer)  
Prof Ling Chung Yee (Lead Independent Director)  
Mr Chia Soon Hin William (Independent Director)  
Mr Chua Hock Thak (Independent Director)  
Mr Teo Ho Beng (Non-Executive Director)

#### Registered Office:

3 Sungei Kadut Drive  
Singapore 729556

10 March 2022

To: The Shareholders of Ley Choon Group Holdings Limited

- (A) **THE PROPOSED EXTENSION OF CONVERSION RIGHTS PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS; AND**
- (B) **THE PROPOSED ISSUE OF THE CONVERSION SHARES TO ZHENG CHOON HOLDING PTE. LTD. AT THE CONVERSION PRICE OF S\$0.0567 FOR EACH CONVERSION SHARE (ASSUMING NO ADJUSTMENT IS MADE TO THE CONVERSION PRICE) UPON THE CONVERSION OF A CONVERSION RIGHT PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS**

Dear Sir/Madam,

#### 1. **INTRODUCTION**

##### 1.1 **Extraordinary General Meeting**

The Board is proposing to convene an EGM to seek Shareholders' approval in respect of:

- (a) the proposed extension of Conversion Rights pursuant to the Master Murabaha Facility Agreements; and
- (b) the proposed issue of the Conversion Shares to Zheng Choon Holding Pte. Ltd. at the Conversion Price of S\$0.0567 for each Conversion Share (assuming no adjustment is made to the Conversion Price) upon the conversion of a Conversion Right pursuant to the Master Murabaha Facility Agreements.

**Shareholders should note that the passing of Ordinary Resolutions 1 and 2 as set out in the Notice of EGM are inter-conditional. As such, if any one of Ordinary Resolutions 1 or 2 is not passed, the remaining Ordinary Resolution would not be carried.**

##### 1.2 **Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with information pertaining to the aforementioned proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM to be held by way of electronic means on 25 March 2022 at 2.00 p.m.. The Notice of EGM is set out on pages 59 to 62 of this Circular.

This Circular has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

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## LETTER TO SHAREHOLDERS

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### 2. **THE PROPOSED EXTENSION OF CONVERSION RIGHTS AND THE PROPOSED ISSUE OF THE CONVERSION SHARES**

#### 2.1 **Background**

##### **Debt Restructuring Exercise and 2014 Master Murabaha Facility Agreement**

The Group has been undergoing a debt restructuring exercise ("**Debt Restructuring Exercise**"). On 8 June 2016, the Group and certain creditors agreed on and signed a term sheet setting out the key terms of restructuring the Group's debt obligations. On 23 September 2016, the Group entered into the 2016 Debt Restructuring Agreement encapsulating the key terms of restructuring the Group's debt obligations. Material terms of the 2016 Debt Restructuring Agreement have been disclosed in the Company's announcement dated 26 September 2016.

Pursuant to the Debt Restructuring Exercise, amendments had to be made to key terms of the Master Murabaha Facility Agreement dated 13 February 2014 (the "**2014 Master Murabaha Facility Agreement**") entered into between the Company as purchaser and The Islamic Bank of Asia Limited (the "**Bank**") as the bank and the commodity agent (in such capacity, the "**Commodity Agent**") for the provision of a Singapore dollar murabaha facility of up to S\$15,000,000. Pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement had to be entered into.

##### **2016 Master Murabaha Facility Agreements**

As part of the Debt Restructuring Exercise and in continuation of the 2014 Master Murabaha Facility Agreement, the Company on 11 October 2016 entered into four (4) Master Murabaha Facility Agreements (the "**2016 Master Murabaha Facility Agreements**") with the Bank and the Commodity Agent for the provision of Singapore dollar murabaha facilities in an aggregate amount of up to S\$15,975,000 (or S\$3,993,750 per each 2016 Master Murabaha Facility Agreement) ("**2016 Facility Limit**"). The Company had an existing indebtedness owed to the Bank under the facility made available pursuant to the 2014 Master Murabaha Facility Agreement and such indebtedness amounted to an aggregate sum which was equivalent to the 2016 Facility Limit. The existing indebtedness comprised the principal loan amount of S\$15,000,000 and the Profit Amount (i.e. interest) (as defined in the 2016 Master Murabaha Facility Agreement) of S\$975,000 that the Bank had capitalised. No new proceeds or incoming funds arose from the 2016 Murabaha Facilities as the entry into the 2016 Master Murabaha Facility Agreements was a supplemental agreement to record the amendments made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement pursuant to the Debt Restructuring Exercise and 2016 Debt Restructuring Agreement.

Pursuant to the 2016 Master Murabaha Facility Agreements, the parties thereto agreed that the Bank (or its nominee) had the conversion rights (the "**IBA Conversion Rights**") to convert the whole (and not part) of the outstanding amount of the Deferred Sale Price (less the amount of Ibra' (rebate) (if any) that the Bank may grant on such outstanding amount (the "**IBA Conversion Amount**") thereunder into new Shares to be issued and allotted by the Company following the exercise of the IBA Conversion Rights by the Bank (the "**IBA Conversion Shares**") at a conversion price of S\$0.081 per IBA Conversion Share (the "**2016 Conversion Price**"), subject to adjustments provided in the 2016 Master Murabaha Facility Agreements at any time during the following periods (collectively, the "**2016 Conversion Period**"):

- (a) from and including 1 January 2018 to and including 31 March 2021 in respect of 2016 Master Murabaha Facility Agreement 1;
- (b) from and including 1 July 2018 to and including 31 March 2021 in respect of 2016 Master Murabaha Facility Agreement 2; and
- (c) from and including 1 January 2019 to and including 31 March 2021 in respect of 2016 Master Murabaha Facility Agreements 3 and 4.

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## LETTER TO SHAREHOLDERS

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### **2016 Call Options**

In connection with the 2016 Master Murabaha Facility Agreements, the Company also entered into four call option agreements dated 11 October 2016 (the “**2016 Call Options**”) between the Company, Zheng Choon as the sponsor (the “**Murabaha Sponsor**”) and the Bank. Under the terms of the 2016 Call Options, the Bank granted the Murabaha Sponsor a call option over the IBA Conversion Shares pursuant to which the Murabaha Sponsor had the right to require the Bank to sell to it all (and not some only) of the IBA Conversion Shares at the Option Price (as defined in each 2016 Master Murabaha Facility Agreement), which is the amount derived by multiplying (a) the number of IBA Conversion Shares issued or to be issued to the Bank pursuant to its exercise of the IBA Conversion Rights with (b) any amount which is (i) the Current Market Price (as defined in each 2016 Master Murabaha Facility Agreement) of an ordinary share of the Company (a “**Share**”) on the 2016 Conversion Date (as defined in each 2016 Master Murabaha Facility Agreement), where such Current Market Price is S\$0.09 or less; or (ii) the amount which is 90% of the Current Market Price of a Share on the 2016 Conversion Date, where such Current Market Price is more than S\$0.09.

### **First Shareholders’ Approval**

In an Extraordinary General Meeting held on 31 March 2017, shareholders’ approval was obtained to, *inter alia*, (i) create and grant the IBA Conversion Rights; (ii) to allot and issue such number of IBA Conversion Shares at the 2016 Conversion Price (subject to adjustments in accordance with the terms of the 2016 Master Murabaha Facility Agreements) as may be required or permitted to be allotted and issued upon any exercise of the IBA Conversion Rights during the 2016 Conversion Period, subject to and otherwise in accordance with the terms of the 2016 Master Murabaha Facility Agreements; and (iii) on the same basis as paragraph (ii) above, such further IBA Conversion Shares as may be required or permitted to be allotted and issued upon any exercise of the IBA Conversion Rights upon the adjustment of the 2016 Conversion Price in accordance with the terms of the 2016 Master Murabaha Facility Agreements.

### **Adjustment of Conversion Price**

Following the completion of the Company’s rights issue on 11 May 2017, the 2016 Conversion Price was adjusted in accordance with paragraph 4(iv) (*Rights Issues or Shares or Options Over Shares*) of Schedule 5 (*Conversion Mechanics*) to the 2016 Master Murabaha Facility Agreements (the “**Adjustment**”). Pursuant to the Adjustment, the original conversion price of S\$0.081 was revised to S\$0.0567 (the “**Conversion Price**”).

### **First Supplemental Deed**

The 2016 Master Murabaha Facility Agreements were subsequently amended by a first supplemental deed dated 31 May 2021 (the “**First Supplemental Deed**”) (the “**2021 Master Murabaha Facility Agreements**”). Pursuant to the First Supplemental Deed, the 2016 Conversion Period was revised as follows:

- (a) from and including 1 January 2018 to and including 31 December 2021 in respect of 2021 Master Murabaha Facility Agreement 1;
- (b) from and including 1 July 2018 to and including 31 December 2021 in respect of 2021 Master Murabaha Facility Agreement 2; and
- (c) from and including 1 January 2019 to and including 31 December 2021 in respect of 2021 Master Murabaha Facility Agreements 3 and 4.

The termination date under the 2016 Master Murabaha Facility Agreements was also amended by the First Supplemental Deed from 31 March 2021 to 31 December 2021.

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### **2021 Debt Restructuring Agreement**

On 18 August 2021, the Group entered into the 2021 Debt Restructuring Agreement encapsulating the key terms of restructuring the Group's debt obligations and to amend and restate the 2016 Debt Restructuring Agreement. Material terms of the 2021 Debt Restructuring Agreement were disclosed in the Company's announcement dated 18 August 2021.

### **Novation Agreement & Novated 2021 Master Murabaha Facility Agreements**

On 23 December 2021, the Company entered into a novation agreement (the "**Novation Agreement**") between the Company, Zheng Choon as the new lender (the "**New Lender**") and the Murabaha Sponsor, and IB Asia as the original lender of the 2021 Master Murabaha Facility Agreements (the "**Original Lender**") and the Commodity Agent. All the Novation Assets (as defined below) arising out of or in connection with the 2021 Master Murabaha Facility Agreements and the 2016 Call Options were novated from the Original Lender in favour of the New Lender in accordance with the terms of the Novation Agreement.

The "**Novation Assets**" mean:

- (a) the total outstanding amount (inclusive of the Total Deferred Sale Price and Total Periodic Profit Amount) of S\$18,074,916.38<sup>(1)</sup> payable by the Company to the Original Lender under the 2021 Master Murabaha Facility Agreements as at 31 December 2021;
- (b) all contractual rights, interests and benefits of whatsoever nature of the Original Lender under the Finance Documents; and
- (c) all moneys recoverable, claims for moneys, causes of action or damages in respect of the Facilities, and whereby such receivables, rights, interests, benefits and claims are or have been novated to the New Lender by the Original Lender in accordance with the terms of the Novation Agreement.

Pursuant to the Novation Agreement, the 2021 Master Murabaha Facility Agreements (the "**Novated 2021 Master Murabaha Facility Agreements**") and the IBA Conversion Rights thereunder (the "**Conversion Rights**") and the 2016 Call Options (the "**Call Options**") were novated to the New Lender. The consideration for the Novation Assets paid by the New Lender to the Original Lender was S\$4,500,000.

The Company understands that the Call Options are no longer relevant and will not be utilised by the New Lender as the relevant parties (i.e. the New Lender and the Murabaha Sponsor) are both Zheng Choon.

In respect of the Novation Agreement, the following definitions have been used herein:

"**Facilities**" means the loans granted by the Original Lender to the Company under the 2021 Master Murabaha Facility Agreements.

"**Finance Documents**" means the 2021 Master Murabaha Facility Agreements, the 2016 Call Options or any one or more of them as the context may require.

"**Total Deferred Sale Price**" means the aggregate amount of all monies described as "Deferred Sale Price" in all of the 2021 Master Murabaha Facility Agreements at the relevant time.

"**Total Periodic Profit Amount**" means the aggregate amount of all monies described as "Periodic Profit Amount" in all of the 2021 Master Murabaha Facility Agreements at the relevant time.

(1) The total outstanding amount is subject to change after 31 December 2021 due to interest on accrual up to the date of conversion.

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### **Second Supplemental Deed**

The Novated 2021 Master Murabaha Facility Agreements were subsequently amended by a second supplemental deed dated 7 January 2022 (the “**Second Supplemental Deed**”) (the “**Master Murabaha Facility Agreements**”). Pursuant to the Second Supplemental Deed, the conversion periods under the Novated 2021 Master Murabaha Facility Agreements were revised as follows (collectively, the “**Conversion Period**”):

- (a) from and including 1 January 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 1;
- (b) from and including 1 July 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 2; and
- (c) from and including 1 January 2019 to and including 31 December 2022 in respect of Master Murabaha Facility Agreements 3 and 4,

(the “**Proposed Extension of Conversion Rights**”).

The termination date under the Novated 2021 Master Murabaha Facility Agreements was also amended by the Second Supplemental Deed from 31 December 2021 to 31 December 2022 (the “**Termination Date**”).

### **Second Shareholder’s Approval**

While the Conversion Period has now been extended to 31 December 2022, Shareholders’ approval in relation to the IBA Conversion Rights and the allotment and issuance of the IBA Conversion Shares has since lapsed. Accordingly, Zheng Choon will not be able to exercise the Conversion Rights and be allotted and issued the conversion shares under the Master Murabaha Facility Agreements (the “**Conversion Shares**”) without obtaining further Shareholders’ approval.

### **Potential Conversion Scenarios**

#### **Conversion on 31 March 2022**

As at the Latest Practicable Date, subject to the terms and conditions as set out in the Master Murabaha Facility Agreements and assuming that:

- (i) the conversion of the Conversion Shares occurs on or before 31 March 2022;
- (ii) SIBOR is equivalent to zero point five per cent (0.5%);
- (iii) the Group does not pay out any dividends or distributions to its shareholders prior to the Termination Date and the New Lender waives the dividend margin of 3% per annum payable to the New Lender;
- (iv) the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the New Lender to convert into Conversion Shares; and
- (v) there are no further adjustments to the Conversion Price,

the maximum aggregate number of Conversion Shares that may be allotted and issued as at 31 March 2022 is 320,953,597 (the “**31 March 2022 Maximum Issuance of Conversion Shares**”).

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The 31 March 2022 Maximum Issuance of Conversion Shares was calculated based on the total Conversion Amount (as defined above) under the Master Murabaha Facility Agreements which will be S\$18,198,068.94 as at 31 March 2022. By dividing the total Conversion Amount by the Conversion Price of S\$0.0567, the 31 March 2022 Maximum Issuance of Conversion Shares is 320,953,597 Conversion Shares.

### Conversion on 30 June 2022

For the purposes of illustration only, as at the Latest Practicable Date, subject to the terms and conditions as set out in the Master Murabaha Facility Agreements and assuming that:

- (i) the conversion of the Conversion Shares occurs on or before 30 June 2022;
- (ii) SIBOR is equivalent to zero point five per cent (0.5%);
- (iii) the Group does not pay out any dividends or distributions to its shareholders prior to the Termination Date and the New Lender waives the dividend margin of 3% per annum payable to the New Lender;
- (iv) the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the New Lender to convert into Conversion Shares; and
- (v) there are no further adjustments to the Conversion Price,

the maximum aggregate number of Conversion Shares that may be allotted and issued is 323,060,903 (the **"30 June 2022 Maximum Issuance of Conversion Shares"**).

The 30 June 2022 Maximum Issuance of Conversion Shares was calculated based on the total Conversion Amount under the Master Murabaha Facility Agreements which will be S\$18,317,553.18 as at 30 June 2022. By dividing the total Conversion Amount by the Conversion Price of S\$0.0567, the 30 June 2022 Maximum Issuance of Conversion Shares is 323,060,903 Conversion Shares.

### Effect of Shareholders' Approval

The indebtedness under the Master Murabaha Facilities Agreements is repayable on 31 December 2022 whether or not Shareholders' approval for the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares is obtained. In the event that such Shareholders' approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facilities Agreements on 31 December 2022 and the New Lender will not have the right to convert the Conversion Amount under the Master Murabaha Facility Agreements into Conversion Shares. The indebtedness which will be payable by the Company to the New Lender is equivalent to the total outstanding amount (inclusive of the Total Deferred Sale Price and Total Periodic Profit Amount (as defined above)) of S\$18,074,916.38 as at 31 December 2021, as novated to the New Lender pursuant to the Novation Agreement, and the accrued interest as at the date of repayment, if any.

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### 2.2 Key Terms of the Proposed Extension of Conversion Rights and Proposed Issue of the Conversion Shares

The following sets out a summary of the terms and conditions of the Conversion Rights to be extended and the Conversion Shares to be issued by the Company.

**Conversion Amount** : In relation to each of the Master Murabaha Facility Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that Master Murabaha Facility Agreement (less the amount of Ibra' (rebate) (if any) that the New Lender may grant on such outstanding amount in accordance with the terms of that Master Murabaha Facility Agreement).

The total Conversion Amount under the Master Murabaha Facility Agreements shall be S\$18,198,068.94 as at 31 March 2022 and S\$18,317,553.18 as at 30 June 2022.

**Conversion Date** : The date specified in a notice of conversion to be completed, executed and deposited by New Lender (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements.

**Method of Issue** : Privately placed to and purchased by the New Lender. No offering circular or information memorandum will be issued by the Company for the Proposed Extension of Conversion Rights or the Proposed Issue of the Conversion Shares pursuant to Section 272B of the Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time.

**Conversion Period** : The following periods:

- (a) from and including 1 January 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 1;
- (b) from and including 1 July 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 2; and
- (c) from and including 1 January 2019 to and including 31 December 2022 in respect of Master Murabaha Facility Agreements 3 and 4.

The New Lender (or its nominee) has the right to convert the whole (and not part) of the Conversion Amount into Conversion Shares at any time during the Conversion Period.

Notwithstanding the foregoing, if the Conversion Date would otherwise fall during a period in which the Company's register of Shareholders is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a "**Book Closure Period**"), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Appendix 1 to this Circular) after the expiry of such Book Closure Period.

**Conversion Shares** : In relation to each Master Murabaha Facility Agreement, the number of Conversion Shares issuable upon conversion of the Conversion Amount shall be determined by dividing the Conversion Amount by the Conversion Price in effect on the Conversion Date.

Fractions of the Conversion Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. The number of Conversion Shares issuable upon conversion will be rounded down to the nearest whole number.

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**Conversion Price<sup>(1)</sup>** The price at which Conversion Shares will be issued upon conversion will be Singapore Dollars point zero five six seven (S\$0.0567) per Conversion Share, but will be subject to adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 1 to this Circular.

The Conversion Price will be subject to adjustment in the occurrence of following events set out in the Master Murabaha Facility Agreements and Appendix 1 to this Circular:

- (a) consolidation, subdivision or reclassification of Shares;
- (b) capitalisation of profits or reserves;
- (c) Capital Distribution (as defined in Appendix 1);
- (d) rights issues of Shares or options over Shares;
- (e) rights issues of other securities;
- (f) issues at less than Current Market Price (as defined in Appendix 1);
- (g) issues of other securities at less than Current Market Price (as defined in Appendix 1);
- (h) modification of the Conversion Rights; or
- (i) other offers to Shareholders.

Further details of adjustments to the Conversion Price can be found in Appendix 1 to this Circular.

For the purpose herein, the expression “Shares” means ordinary shares in the capital of the Company, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.

**Status of Conversion shares** : The Conversion Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Conversion Shares.

**Note:**

- (1) The conversion price of S\$0.081 was originally mutually agreed between the Company and the Bank, taking into consideration the prevailing market price of the Shares during the time of negotiation of the 2016 Murabaha Facilities and the Debt Restructuring Exercise which commenced on and about 31 July 2016 (the closing price of the Shares on 31 July 2016 was S\$0.05). The conversion price is higher than the closing price of the Shares on 3 March 2017, being the last market day where the Shares were traded prior to the relevant latest practicable date of S\$0.033. The conversion price was subsequently adjusted pursuant to the Adjustment to S\$0.0567.

### 2.3 Zheng Choon

Zheng Choon is a controlling shareholder of the Company and the shareholders of Zheng Choon are Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Toh Chew Chai (collectively, the “**Zheng Choon Shareholders**”). As at the Latest Practicable Date, Zheng Choon holds a direct interest in approximately 49.65% of the fully-paid ordinary shares of the Company and the Zheng Choon Shareholders hold 100% of the fully-paid shares of Zheng Choon.



## 2.4 Shareholders' Approval

Rule 805(1) of the Catalist Rules provides that an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares except where a general mandate for such issue has been obtained from shareholders in a general meeting.

Pursuant to the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares, Conversion Shares may be allotted and issued upon the exercise of the Conversion Rights.

The 31 March 2022 Maximum Issuance of Conversion Shares (i.e. 320,953,597 Conversion Shares) represents approximately:

- (i) 27.1% of the issued share capital of the Company which as of the Latest Practicable Date comprised 1,184,813,992 Shares; and
- (ii) 21.3% of the enlarged issued paid-up share capital of the Company after the allotment and issue of 320,953,597 Conversion Shares which would consist of 1,505,767,589 Shares.

The 30 June 2022 Maximum Issuance of Conversion Shares (i.e. 323,060,903 Conversion Shares) represents approximately:

- (i) 27.3% of the issued share capital of the Company which as of the Latest Practicable Date comprised 1,184,813,992 Shares; and
- (ii) 21.4% of the enlarged issued paid-up share capital of the Company after the allotment and issue of 323,060,903 Conversion Shares which would consist of 1,507,874,895 Shares.

**Shareholders should note that the maximum number of Conversion Shares to be issued as set out above, may possibly be increased or decreased following adjustments to the Conversion Price. Further details of adjustments to the Conversion Price are set out in Appendix 1 to this Circular.**

The Company intends to seek shareholders' approval for the allotment and issue of the Conversion Shares pursuant to Rule 805(1) of the Catalist Rules.

Pursuant to the Adjustment arising from the rights issue of the Company on 11 May 2017, the 2016 Conversion Price was adjusted to the Conversion Price of S\$0.0567 in accordance with paragraph 4(iv) (*Rights Issues or Shares or Options over Shares*) of Schedule 5 (*Conversion Mechanics*) to the 2016 Master Murabaha Facility Agreements. The Conversion Price represents a premium of 263% to the volume weighted average price of S\$0.0156 on 22 December 2021, being the last trading day of the Shares on the SGX-ST prior to the signing of the Novation Agreement.

In compliance with Chapter 8 of the Catalist Rules, the purpose of this Circular is to set out information pertaining to, *inter alia*, the Proposed Extension of the Conversion Rights and the Proposed Issue of the Conversion Shares and to seek Shareholders' approval for the Proposed Extension of the Conversion Rights and the Proposed Issue of the Conversion Shares at the Conversion Price during the Conversion Period at an extraordinary general meeting ("EGM") to be convened on 25 March 2022 by way of electronic means at 2.00 p.m.. The Notice of EGM is set out on pages 59 to 62 of this Circular.

## 2.5 Listing and Quotation of the Conversion Shares

The Sponsor, on behalf of the Company, has submitted an additional listing application to the SGX-ST for the listing of and quotation for the Conversion Shares on the Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST is obtained.

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### 2.6 Financial Effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares

For illustration purposes only, the financial effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares based on the audited financial statements of the Group for the financial year ended 31 March 2021 ("FY2021"), assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the Zheng Choon to convert into Conversion Shares as of 31 March 2021, are as follows:

	As at 31 March 2021 <sup>(4)</sup>	Assuming that Zheng Choon exercises all of its Conversion Rights <sup>(1)(4)</sup>
(a) <b>Share Capital</b>		
Issued Share Capital (S\$'000)	79,807	98,005
(b) <b>NTA<sup>(2)</sup></b>		
NTA (S\$'000)	19,435	37,485
Number of ordinary shares ('000)	1,184,814	1,505,768
NTA per Share (Cents)	1.64	2.49
(c) <b>Gearing<sup>(2)</sup></b>		
Loans and borrowings (S\$'000)	58,824	40,626
Shareholders' equity (S\$'000)	19,664	37,714
Gearing Ratio (in %)	299	108
(d) <b>EPS (Cents)<sup>(3)</sup></b>	0.074	0.048

**Notes:**

- (1) On the assumption that there are no adjustments made to the Conversion Price, the Conversion Amount is computed based solely on the full Purchase Price under each Master Murabaha Facility Agreement which in aggregate is equivalent to the Facility Limit, and the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon.
- (2) The financial effects on the NTA and gearing of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 31 March 2021.
- (3) The financial effects on the EPS of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 1 April 2020.
- (4) The above illustrative numbers are based on the audited financial statements for FY2021.

### 3. THE PROPOSED ISSUE OF THE CONVERSION SHARES BY THE COMPANY TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON, AS AN INTERESTED PERSON TRANSACTION

#### 3.1 Details of the Proposed Issue of the Conversion Shares

Zheng Choon intends to exercise its Conversion Rights under the Master Murabaha Facility Agreements pursuant to which it will be allotted and issued the Conversion Shares. The effects of the Proposed Issue of the Conversion Shares are set out above in paragraphs 2.4 to 2.6 above.

### 3.2 The Proposed Issue of the Conversion Shares as an Interested Person Transaction

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9 of the Catalist Rules:

- (a) an **“entity at risk”** means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (b) an **“associated company”** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (c) an **“approved exchange”** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules;
- (d) an **“interested person”** means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (e) an **“associate”** in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An **“associate”** in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and
- (f) an **“interested person transaction”** means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

### 3.3 Details of the Interested Persons

The Company is an “entity at risk” under Chapter 9 of the Catalist Rules and Zheng Choon, as a Controlling Shareholder of the Company, is an “interested person” under Chapter 9 of the Catalist Rules. Hence, the allotment and issuance of the Conversion Shares by the Company to Zheng Choon is an Interested Person Transaction under Chapter 9 of the Catalist Rules for which shareholders’ approval is sought.

Zheng Choon is an investment holding company incorporated in Singapore on 7 May 2010 with its principal place of business and registered office at 3 Sungei Kadut Drive Singapore 729556. The shareholders of Zheng Choon are the Zheng Choon Shareholders. Zheng Choon also holds equity interest in the Company as detailed in paragraph 4 of this Circular.

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The Zheng Choon Shareholders are part of the management of the Company. Mr Toh Choo Huat is the Executive Chairman and Chief Executive Officer of the Company. The rest of the Zheng Choon Shareholders, namely, Mr Toh Swee Kim, Mr Toh Chew Leong and Mr Toh Chew Chai, undertake their operational duties as Chief Operating Officer, Deputy Chief Executive Officer and Deputy Chief Operating Officer of the Company respectively.

### **3.4 Shareholders' Approval pursuant to the Materiality Thresholds under Chapter 9 of the Catalyst Rules**

In accordance with Rule 906(1)(a) and Rule 918 of the Catalyst Rules, where the value of an Interested Person Transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

Pursuant to the Adjustment arising from the rights issue of the Company on 11 May 2017, the 2016 Conversion Price was adjusted to the Conversion Price of S\$0.0567 in accordance with paragraph 4(iv) (*Rights Issues or Shares or Options over Shares*) of Schedule 5 (*Conversion Mechanics*) to the 2016 Master Murabaha Facility Agreements. The Conversion Price represents a premium of 263% to the volume weighted average price of S\$0.0156 on 22 December 2021, being the last trading day of the Shares on the SGX-ST prior to the signing of the Novation Agreement.

Assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the Zheng Choon to convert into Conversion Shares (i) as at 31 March 2022, i.e. the issuance of 320,953,597 Conversion Shares, the value of the transaction (i.e. S\$18,198,068.94) is 93.64% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021; or (ii) as at 30 June 2022, i.e. the issuance of 323,060,903 Conversion Shares, the value of the transaction (i.e. S\$18,317,553.18) is 94.25% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021. As the value of the transaction exceeds 5% of the Group's latest audited NTA, pursuant to Rule 906 of the Catalyst Rules, the Proposed Issue of the Conversion Shares is an Interested Person Transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders' approval for the Proposed Issue of the Conversion Shares.

In relation to the interest payable to the New Lender under the Master Murabaha Facility Agreements up to 31 March 2022, the value of the transaction (i.e. S\$393,904) pursuant to Rule 909(3) of the Catalyst Rules is 2.0% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021. Similarly, the interest payable to the New Lender under the Master Murabaha Facility Agreements up to 30 June 2022, the value of the transaction (i.e. S\$792,185) pursuant to Rule 909(3) of the Catalyst Rules is 4.1% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021. As the value of the transaction does not exceed 5% of the Group's latest audited NTA, pursuant to Rule 906 of the Catalyst Rules, the interest payable to the New Lender under the Master Murabaha Facility Agreements is not an Interested Person Transaction which is subject to the approval of the Shareholders. Accordingly, the Company will not be seeking Shareholders' approval in relation to the interest payable to the New Lender under the Master Murabaha Facility Agreements.

Save for the Proposed Issue of the Conversion Shares, the Company has not entered in any Interested Person Transaction with Zheng Choon and its associates for the period from 1 April 2021 to the Latest Practicable Date to which Rules 905 and/or 906 of the Catalyst Rules would apply.

The indebtedness under the Master Murabaha Facilities Agreements is repayable on 31 December 2022 regardless of Shareholders' approval for the Proposed Issue of the Conversion Shares.

### **3.5 Rationale for the Novation Agreement**

The Company understands that the Bank wished to sell the obligations and benefits under the Master Murabaha Facility Agreements. As the Bank and/or the Company were unable to procure suitable third party buyers, the Bank approached Zheng Choon and both parties agreed to enter into the Novation Agreement.

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The Company further understands that the consideration of S\$4,500,000 was a commercial decision between the Bank and the New Lender on a willing buyer-willing seller basis, taking into account the prevailing market price of the shares of the Company during the negotiations between the Bank and the New Lender.

### 3.6 Rationale for the Proposed Issue of the Conversion Shares

The allotment and issuance of the Conversion Shares by the Company to the New Lender under the Proposed Issue of the Conversion Shares is in lieu of cash repayment by the Company to the New Lender of the Conversion Amount, being S\$18,198,068.94 as of 31 March 2022, due and owing under the Master Murabaha Facility Agreements. Accordingly, no cash proceeds will be received by the Company from the New Lender for the allotment and issuance of the Conversion Shares. After the Conversion Shares have been duly issued and/or delivered to the New Lender in accordance with the Master Murabaha Facility Agreements and registered in the name of the New Lender or its nominee in accordance with paragraph 3 of Schedule 5 (*Conversion Mechanics*) of the Master Murabaha Facility Agreements (or otherwise agreed between the New Lender and the Company), all outstanding amounts under the Master Murabaha Facility Agreements shall immediately be reduced to zero and the Company shall be released and discharged from its liabilities under the Master Murabaha Facility Agreements.

The Proposed Issue of the Conversion Shares will also reduce the Company's borrowings as at 30 September 2021 approximately from S\$46,376,143 to S\$30,401,143 (both excluding lease liabilities). It will also strengthen the Group's balance sheet and improve its debt-equity position. The Board is of the opinion that the successful completion of the Proposed Issue of the Conversion Shares would allow the Group to apply more of its cash flow towards its ongoing business operations and other opportunities and repayment of the reduced borrowings.

The Proposed Issue of the Conversion Shares is also a show of confidence by the New Lender and the Zheng Choon Shareholders, as Controlling Shareholders, in the future plans, viability and anticipated performance of the Group. This is also in the interest of the Company as the Company's growth from a small pipe laying contractor to an established one-stop underground utilities infrastructure construction and road works service provider is attributable to the competency and expertise of the Zheng Choon Shareholders who are part of the key management of the Company. The Proposed Issue of the Conversion Shares serves to further motivate and incentivise the Zheng Choon Shareholders to remain in and contribute towards the long-term success of the Group, by aligning their interests with the interests of the Group and all Shareholders.

### 3.7 Advice of the Independent Financial Adviser

Chapter 9 of the Catalist Rules provides that, where Shareholders' approval is required for an Interested Person Transaction, the Circular must include an opinion from an independent financial adviser ("**IFA**") as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders. Accordingly, SAC Capital Private Limited has been appointed as the IFA to the Audit Committee in relation to the Proposed Issue of the Conversion Shares as an Interested Person Transaction.

A copy of the letter dated 10 March 2022 from the IFA (the "**IFA Letter**") in relation to the above is reproduced in Appendix 2 to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the members of the Audit Committee has been extracted from the IFA Letter and is reproduced in italics below:

*"Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that the Proposed Issue of the Conversion Shares as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders. Accordingly, we advise the Audit Committee to recommend that the Non-Interested Shareholders to vote in favour of the Proposed Issue of the Conversion Shares as an Interested Person Transaction."*

### 3.8 No Take Over

As the New Lender held 49.65% and the Concert Parties (as defined below) collectively held 50.1% of the Company respectively prior to the Novation Agreement, the conversion of the amounts outstanding under the Master Murabaha Facility Agreements into the Conversion Shares (i) as at 31 March 2022 (which will bring the interests of the New Lender from 49.65% to 60.39% and the Concert Parties from 50.1% to 60.74% respectively); and (ii) as at 30 June 2022 (which will bring the interests of the New Lender from 49.65% to 60.44% and the Concert Parties from 50.1% to 60.79% respectively), will not require the New Lender and/or the Concert Parties to make a takeover offer pursuant to Rule 14.1 of The Singapore Code on Take-Over and Mergers.

“**Concert Parties**” refers to:

- (a) the New Lender;
- (b) Toh Choo Huat, Toh Swee Kim, Toh Chew Leong, and Toh Chew Chai (the Zheng Choon Shareholders) as:
  - a. the Zheng Choon Shareholders control the New Lender by collectively holding 100% of the shares of the New Lender;
  - b. Toh Choo Huat, Toh Swee Kim, and Toh Chew Leong are directors of the New Lender. Toh Choo Huat is also the managing director of the Company; and
  - c. the Zheng Choon Shareholders are siblings;
- (c) Kai Hock Toh, who is a child of Toh Chew Chai;
- (d) Kai Sheng Toh, Adam, who is a child of Toh Chew Chai;
- (e) Wei Jie Toh, who is a child of Toh Chew Leong;
- (f) Ting Xuan Toh, who is a child of Toh Choo Huat; and
- (g) Qui Ling Toh, who is a child of Toh Swee Kim.

### 3.9 Audit Committee's Statement

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Issue of the Conversion Shares, as well as the opinion and advice of the IFA on the Proposed Issue of the Conversion Shares, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Issue of the Conversion Shares is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND CONCERT PARTIES OF ZHENG CHOON

The interest of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date and the effects of the Proposed Extension of Conversion Rights and Proposed Issue of the Conversion Shares on the shareholding structure of the Company is set out below:

Directors	As at the Latest Practicable Date				Assuming that Zheng Choon exercises all of its Conversion Rights under the 31 March 2022 Maximum Issuance of Conversion Shares scenario <sup>(1)</sup>				Assuming that Zheng Choon exercises all of its Conversion Rights under the 30 June 2022 Maximum Issuance of Conversion Shares scenario <sup>(2)</sup>			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Toh Choo Huat <sup>(2)</sup>	794,000	0.067	588,319,000	49.655	794,000	0.053	909,272,597	60.386	794,000	0.053	911,379,903	60.441
Ling Chung Yee	-	-	-	-	-	-	-	-	-	-	-	-
Chia Soon Hin William	-	-	-	-	-	-	-	-	-	-	-	-
Chua Hock Thak	-	-	-	-	-	-	-	-	-	-	-	-
Teo Ho Beng	-	-	-	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>												
Zheng Choon	588,319,000	49.655	-	-	909,272,597	60.386	-	-	911,379,903	60.441	-	-
Toh Swee Kim <sup>(3)</sup>	220,000	0.019	588,319,000	49.655	220,000	0.015	909,272,597	60.386	220,000	0.015	911,379,903	60.441
Toh Chew Leong <sup>(4)</sup>	-	-	588,319,000	49.655	-	-	909,272,597	60.386	-	-	911,379,903	60.441
Toh Chew Chai <sup>(5)</sup>	-	-	588,319,000	49.655	-	-	909,272,597	60.386	-	-	911,379,903	60.441
Hlap Hoe Investment Pte. Ltd.	176,536,000	14.900	-	-	176,536,000	11.724	-	-	176,536,000	11.708	-	-
Hlap Hoe Limited <sup>(6)</sup>	-	-	176,536,000	14.900	-	-	176,536,000	11.724	-	-	176,536,000	11.708
<b>Concert Parties of Zheng Choon</b>												
Kai Hock Toh <sup>(8)</sup>	500,000	0.042	-	-	500,000	0.033	-	-	500,000	0.033	-	-
Kai Sheng Toh, Adam <sup>(9)</sup>	2,000,000	0.169	-	-	2,000,000	0.133	-	-	2,000,000	0.133	-	-
Wei Jie Toh <sup>(10)</sup>	1,191,800	0.101	-	-	1,191,800	0.079	-	-	1,191,800	0.079	-	-
Ting Xuan Toh <sup>(11)</sup>	400,000	0.034	-	-	400,000	0.027	-	-	400,000	0.027	-	-
Qui Ling Toh <sup>(12)</sup>	200,000	0.017	-	-	200,000	0.013	-	-	200,000	0.013	-	-

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## LETTER TO SHAREHOLDERS

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### Notes:

- (1) On the assumption that the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon under the 31 March 2022 Maximum Issuance of Conversion Shares scenario detailed in paragraph 2.1 of this Circular.
- (2) On the assumption that the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon under the 30 June 2022 Maximum Issuance of Conversion Shares scenarios detailed in paragraph 2.1 of this Circular.
- (3) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon.
- (4) Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Swee Kim is deemed interested in the Shares held by Zheng Choon.
- (5) Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon. As such, Mr Toh Chew Leong is deemed interested in the Shares held by Zheng Choon.
- (6) Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Chew Chai is deemed interested in the Shares held by Zheng Choon.
- (7) Hiap Hoe Investment Pte Ltd is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte Ltd.
- (8) Kai Hock Toh is a child of Toh Chew Chai.
- (9) Kai Sheng Toh, Adam is a child of Toh Chew Chai.
- (10) Wei Jie Toh is a child of Toh Chew Leong.
- (11) Ting Xuan Toh is a child of Toh Choo Huat.
- (12) Qui Ling Toh is a child of Toh Swee Kim.

## 5. DIRECTORS' RECOMMENDATIONS

### 5.1 Proposed Extension of Conversion Rights

Having considered the terms of and rationale of the Proposed Extension of Conversion Rights, the Directors (save for Mr Toh Choo Huat who has abstained from making recommendations on the Proposed Extension of Conversion Rights) are of the opinion that the Proposed Extension of Conversion Rights is in the interests of the Company. Accordingly, the Directors (save for Mr Toh Choo Huat) recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Extension of Conversion Rights to be proposed at the EGM as stated in the Notice of EGM on pages 59 to 62 of this Circular.

### 5.2 Proposed Issue of the Conversion Shares

In reaching the recommendation set out below, the Directors have considered carefully, amongst other things, the terms of the Proposed Issue of the Conversion Shares as an Interested Person Transaction and the advice given by the IFA. Having considered the terms of and rationale of the Proposed Issue of the Conversion Shares, the Directors (save for Mr Toh Choo Huat who has abstained from making recommendations on the Proposed Issue of the Conversion Shares) are of the opinion that the Proposed Issue of the Conversion Shares are in the interests of the Company. Accordingly, the Directors (save for Mr Toh Choo Huat) recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Issue of the Conversion Shares to be proposed at the EGM as stated in the Notice of EGM on pages 59 to 62 of this Circular.



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## LETTER TO SHAREHOLDERS

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### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 59 to 62 of this Circular, will be convened by way of electronic means on 25 March 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM on pages 59 to 62 of this Circular.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders may participate in the EGM by:

- (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions to the Chairman of the Meeting in advance of, or “live” at the EGM; and/or
- (c) voting at the EGM (i) “live” by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting)<sup>(2)</sup> via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the EGM.

Shareholders (including, where applicable, their appointed proxy(ies)) and CPF and SRS investors, can pre-register for access to the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings at the pre-registration website at the URL <https://conveneagm.com/sg/leychoon> by 2.00 p.m. on 22 March 2022.

Shareholders and proxyholders who pre-registered and are verified to attend the EGM will be able to ask questions relating to the agenda of the EGM by clicking the “Ask a Question” feature and then clicking the “Queue for Video call” via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audiovisual or audio means during the EGM within a certain prescribed time limit.

Shareholders who wish to vote on the resolutions at the EGM may:

- (a) (where such shareholders are individuals) vote “live” via electronic means at the EGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the EGM on their behalf; or
- (b) (where such shareholders are individuals or corporates) appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM.

Shareholders who wish to submit instruments appointing a proxy(ies) must do so by downloading, completing and signing the Proxy Form in accordance with the instructions printed thereon, which have been uploaded together with the Notice of EGM and this Circular on SGXNet and the Company’s website at <https://www.leychoon.com>.

The Proxy Form can be submitted via the pre-registration website at the URL <https://conveneagm.com/sg/leychoon> in the electronic format accessible on the said website, no later than 2.00 p.m. on 22 March 2022, 72 hours before the time for holding the EGM. If the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to and received at, the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556. If submitted by email, the Proxy Form must be received by the Company at [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com). If submitted digitally, the Proxy Form must be submitted at the URL <https://conveneagm.com/sg/leychoon>.

(2) For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the Meeting) to vote “live” at the EGM on their behalf.

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## LETTER TO SHAREHOLDERS

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A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to vote thereat unless his name appears on the Depository Register maintained by the CDP at least 72 hours before the EGM.

Shareholders can submit questions in advance of, or “live” at the EGM. Shareholders who wish to submit questions in advance of the EGM may do so by 2.00 p.m. on 22 March 2022:

- (a) via the pre-registration website at the URL <https://conveneagm.com/sg/leychoon>.
- (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556; or
- (c) by email to [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member’s full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member’s NRIC/Passport/UEN number;
- (c) the member’s contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to ask questions “live” at the EGM must first pre-register at the pre-registration website at the URL <https://conveneagm.com/sg/leychoon>.

### 8. ABSTENTIONS FROM VOTING

- 8.1 Zheng Choon and the Zheng Choon Shareholders shall abstain and shall procure that its/his Associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on all resolutions.
- 8.2 Zheng Choon and the Zheng Choon Shareholders shall not and shall procure its/his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of all resolutions unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

### 9. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Extension of Conversion Rights, the Proposed Issue of the Conversion Shares, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 10. CONSENT FROM IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Sungei Kadut Drive Singapore 729556 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Master Murabaha Facility Agreements, including the First Supplemental Deed, the Novation Agreement and the Second Supplemental Deed;
- (c) the Call Options;
- (d) the 2021 Debt Restructuring Agreement; and
- (e) the letter of consent from the IFA referred to in paragraph 10 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of  
**LEY CHOON GROUP HOLDINGS LIMITED**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

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## APPENDIX 1

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### ADJUSTMENTS TO CONVERSION PRICE

*The following is in the text of the terms and conditions of the Conversion Rights:*

The Conversion Price will be subject to adjustment in the following events as set out in the Master Murabaha Facility Agreements:

- (i) **Consolidation, Subdivision or Reclassification**: If and whenever there shall be an alteration to the aggregate number of issued Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration; and

B is the aggregate number of issued Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) **Capitalisation of Profits or Reserves**:

- (A) If and whenever any Shares are issued, credited as fully paid to the holders of the Shares (the “Shareholders”) by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves, save where Shares are issued in lieu of the whole or any part of a specifically declared cash distribution (the “**Relevant Cash Distribution**”), being a distribution which the Shareholders concerned would or could otherwise have received (a “**Scrip Distribution**”) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue; and

B is the aggregate number of issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or, if a record date is fixed therefor, the day immediately after such record date.

- (B) In the case of an issue of Shares by way of a Scrip Distribution where the Current Market Price of such Shares on the last Trading Day preceding the date on which the Scrip Distribution is publicly announced exceeds the amount of the Relevant Cash Distribution or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

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where:

- A is the aggregate number of issued Shares immediately before such issue;
- B is the aggregate number of Shares issued by way of such Scrip Distribution multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Distribution and (ii) the denominator is the Current Market Price of the Shares on the last Trading Day preceding the date on which the Scrip Distribution is publicly announced issued by way of Scrip Distribution in respect of each existing Shares in lieu of the whole, or the relevant part, of the Relevant Cash Distribution; and
- C is the aggregate number of issued Shares issued by way of such Scrip Distribution.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

(iii) **Capital Distributions:**

- (A) Subject to Paragraph (iii) (B) below, if and whenever any Capital Distribution is paid or made to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under Paragraph (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution (excluding any Capital Distribution in respect of the same financial year which has previously resulted in an adjustment under this Paragraph (iii) attributable to one (1) Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or the first date upon which the Fair Market Value of the Capital Distribution is capable of being determined as provided in this Part A of Schedule 5 of the Master Murabaha Facility Agreements, whichever is later.

- (B) If and whenever any Capital Distribution in cash only is paid or made to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the amount of Capital Distribution (excluding any Capital Distribution in respect of the same financial year which has previously resulted in an adjustment under this Paragraph (iii)) attributable to one (1) Share.

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Such adjustment shall become effective on the date on which such Capital Distribution in cash is actually made or if a record date is fixed therefor, the day immediately after such record date.

- (iv) **Rights Issues of Shares or Options over Shares:** If and whenever Shares are issued to all or substantially all Shareholders as a class by way of rights, or are issued or are granted to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Share, in each case at less than the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price Per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in this issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (v) **Rights Issues of Other Securities:** If and whenever any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) are issued to all or substantially all Shareholders as a class, by way of rights, or are granted to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Investment Bank (acting as an expert), of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities or grant such rights, options or warrants (as the case may be).

- (vi) **Issues at less than Current Market Price:** If and whenever (otherwise than as mentioned in Paragraph (iv) above) any Shares (other than Shares issued on the exercise of the Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) (otherwise than as mentioned in Paragraph (iv) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, are issued or granted in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price

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shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (vii) **Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Paragraph (vii), if and whenever any securities (other than the securities to be issued pursuant to the Master Murabaha Facility Agreements) in the Company are issued wholly for cash (otherwise than as mentioned in Paragraph (iv), (v) or (vi), or (at the direction or request of or pursuant to any arrangements with the Company), any other company, person or entity shall issue wholly for cash any securities (other than the securities to be issued pursuant to the Master Murabaha Facility Agreements) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued upon conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

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- (viii) **Modification of Rights of Conversion etc.**: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price for one (1) Share on the last Trading Day preceding the date of the first announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Share on the last Trading Day before the date of the announcement of such proposals or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank (acting as an expert) considers appropriate (if at all) for any previous adjustment under this Paragraph (viii) or Paragraph (vii) above.

Such adjustments shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) **Other Offers to Shareholders**: The issue, sale or distribution by or on behalf of the Company of any securities in connection with which an offer pursuant to which the Shareholders generally (meaning for these purposes the holders of at least fifty per cent (50.0%) of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Paragraphs (iv), (v), (vi) or (vii), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue, sale or distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Investment Bank (acting as an expert), of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

On any adjustment, the relevant Conversion Price, if not an integral multiple of S\$0.0001, shall be rounded down to the nearest S\$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent (1.0%) of the Conversion Price then in effect.



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## APPENDIX 1

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Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the New Lender (or its nominee) in accordance with Clause 24 (*Notices*) of the Master Murabaha Facility Agreements as soon as practicable after the determination thereof.

When more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank (acting as an expert), the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank (acting as an expert) to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Paragraph (i) above or where there has been a proven manifest error in the calculation of the Conversion Price.

If the Company fails to appoint the Independent Investment Bank when required for the purposes of this Appendix, the New Lender (or its nominee) may appoint the Independent Investment Bank with all costs and expenses arising from such appointment to be borne by the Company.

The Company shall be under a duty and will be responsible to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will be responsible to the New Lender (or its nominee) for any loss arising from any failure by them to do so. All adjustments to the Conversion Price in this Appendix 1 shall be determined by the Company, but subject to the confirmation of the New Lender (or its nominee).

For the purposes of above:

**“Capital Distribution”** means the aggregate, on a per Share basis, of all distributions declared by the Company in respect of the same financial year including (i) any distribution of assets in specie or other property by or on behalf of the Company, and whenever paid or made and however described or declared after the Transaction Date, and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Paragraph (ii)(A) of this Appendix by way of capitalisation of reserves), but excludes a Scrip Distribution (as defined herein) adjusted for under Paragraph (ii)(B) of this Appendix; and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Distribution) of any kind by or on behalf of the Company, and whenever paid or made and however described or declared after the Transaction Date;

**“Closing Price”** means for the Shares for any Trading Day shall be the closing market price quoted by the SGX-ST for such Trading Day;

**“Current Market Price”** means, in respect of a Share at a particular time on a particular date, the average of the Volume Weighted Average Price for one (1) Share (being a Share carrying full entitlement to distributions) for each of the ten (10) consecutive Trading Days, ending on the Trading Day immediately preceding such date; **provided that**, if at any time during the said ten (10) Trading Day period the Shares shall have been quoted ex-distribution and during some other part of that period the Shares shall have been quoted cum-distribution then:

- (i) if the Shares to be issued in such circumstances do not rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted cum-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof reduced by an amount equal to the amount of that distribution per Share; or

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## APPENDIX 1

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- (ii) if the Shares to be issued in such circumstances rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted ex-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof increased by such similar amount,

and **provided further that** if the Shares on each of the said ten (10) Trading Days have been quoted cum-distribution in respect of a distribution which has been declared or announced but the Shares to be issued do not rank for that distribution, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that distribution per Share,

**provided further that:**

- (a) if such Volume Weighted Average Prices are not available on each of the ten (10) Trading Days during the relevant period, then the arithmetic average of such Volume Weighted Average Prices which are available in the relevant period shall be used (subject to a minimum of two such Volume Weighted Average Prices); and
- (b) if only one or no such Volume Weighted Average Prices is available in the relevant period, then the Current Market Price shall be determined in good faith by an Independent Investment Bank (acting as an expert);

**“Fair Market Value”** means with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank (acting as an expert); **provided that:**

- (i) the fair market value of a cash distribution paid or to be paid per Share shall be the amount of such cash distribution per Share determined as at the date of announcement of such distribution; and
- (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded;

**“Independent Investment Bank”** means an independent investment bank of international repute, acting as an expert, selected by the New Lender (or its nominee);

**“Stock Exchange Business Day”** means any day (other than a Saturday, Sunday or public holiday) on which the SGX-ST is open for securities trading provided that if no Closing Price is reported for one (1) or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days;

**“Trading Day”** means a day when the SGX-ST is open for dealing business, **provided that** if no Closing Price is reported on the SGX-ST for one (1) or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

**“Volume Weighted Average Price”** means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page “VWAP” (or any successor to or replacement of such page) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, or series of Trading Days, provided that on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

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## APPENDIX 2

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### LETTER FROM SAC CAPITAL PRIVATE LIMITED TO THE AUDIT COMMITTEE OF LEY CHOON GROUP HOLDINGS LIMITED IN RELATION TO THE INTERESTED PERSON TRANSACTION

10 March 2022

To: The Audit Committee of Ley Choon Group Holdings Limited

Dear Sirs

#### THE PROPOSED ISSUE OF THE CONVERSION SHARES BY THE COMPANY TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON HOLDING PTE. LTD., AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 10 March 2022 (the “Circular”) shall have the same meanings herein.*

#### 1. INTRODUCTION

On 23 December 2021 (the “**Announcement Date**”), Ley Choon Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) announced (the “**Announcement**”) that it had entered into a novation agreement (the “**Novation Agreement**”) between the Company, Zheng Choon Holding Pte. Ltd. (“**Zheng Choon**”) as the new lender (the “**New Lender**” or the “**Murabaha Sponsor**”), and The Islamic Bank of Asia Limited (the “**IB Asia**” or the “**Bank**” or the “**Commodity Agent**” or the “**Original Lender**”) as the original lender of the 2021 Master Murabaha Facility Agreements (as defined in paragraph 3.1 of this letter). Pursuant to which, all the Novation Assets (as defined in paragraph 3.2 of this letter) arising out of or in connection with the 2021 Master Murabaha Facility Agreements and the 2016 Call Options (as defined in paragraph 3.1 of this letter) were novated from the Original Lender in favour of the New Lender in accordance with the terms of the Novation Agreement.

Pursuant to the Novation Agreement, the 2021 Master Murabaha Facility Agreements (the “**Novated 2021 Master Murabaha Facility Agreements**”), the IBA Conversion Rights (as defined in paragraph 3.1 of this letter) thereunder (the “**Conversion Rights**”) and the 2016 Call Options (the “**Call Options**”) were novated to the New Lender. The consideration for the Novation Assets paid by the New Lender to the Original Lender was S\$4,500,000.

The Novated 2021 Master Murabaha Facility Agreements were subsequently amended by a second supplemental deed dated 7 January 2022 (the “**Second Supplemental Deed**”) (the “**Master Murabaha Facility Agreements**”). Pursuant to the Second Supplemental Deed, the conversion periods under the Novated 2021 Master Murabaha Facility Agreements were revised as follows (collectively, the “**Conversion Period**”):

- (a) from and including 1 January 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 1;
- (b) from and including 1 July 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 2; and
- (c) from and including 1 January 2019 to and including 31 December 2022 in respect of Master Murabaha Facility Agreements 3 and 4,

(the “**Proposed Extension of Conversion Rights**”).

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The termination date under the Novated 2021 Master Murabaha Facility Agreements was also amended by the Second Supplemental Deed from 31 December 2021 to 31 December 2022 (the “**Termination Date**”).

Pursuant to Rules 906(1)(a) and 918 of the Catalist Rules, the Company is required to obtain approval from the shareholders of the Company (the “**Shareholders**”) on any interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, of a value equal to or more than 5.00% of the latest audited consolidated net tangible assets (“**NTA**”) of the Group.

We noted and understand that the Company had, for purposes of determining the materiality threshold of the Proposed Issue of the Conversion Shares as an Interested Person Transaction under Rules 905 and 906 of the Catalist Rules, provided two (2) conversion scenarios as at (i) 31 March 2022, and (ii) 30 June 2022 respectively.

Assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon to convert into Conversion Shares (i) as at 31 March 2022, i.e. the issuance of 320,953,597 Conversion Shares, the value of the transaction (i.e. S\$18,198,068.94) is 93.64% of the Group’s latest audited NTA of approximately S\$19.4 million as at 31 March 2021; or (ii) as at 30 June 2022, i.e. the issuance of 323,060,903 Conversion Shares, the value of the transaction (i.e. S\$18,317,553.18) is 94.25% of the Group’s latest audited NTA of approximately S\$19.4 million as at 31 March 2021. As the value of the transaction exceeds 5.00% of the Group’s latest audited NTA, pursuant to Rule 906 of the Catalist Rules, the Proposed Issue of the Conversion Shares is an Interested Person Transaction which is subject to the approval of the Shareholders. Accordingly, the Company will be seeking the approval from the Shareholders who are independent of the Proposed Issue of the Conversion Shares (the “**Non-Interested Shareholders**”) at an extraordinary general meeting of the Company to be convened (the “**EGM**”).

In connection with the above, the Company has appointed us as the independent financial adviser (the “**IFA**”) to the audit committee of the Company (the “**Audit Committee**”) to express an opinion on whether the Proposed Issue of the Conversion Shares as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders.

This letter, which sets out our opinion and advice, has been prepared for the use of the Audit Committee in connection with the Proposed Issue of the Conversion Shares as an Interested Person Transaction and their recommendation to the Non-Interested Shareholders arising thereof.

## 2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Audit Committee in relation to the Proposed Issue of the Conversion Shares as an Interested Person Transaction and to express an opinion on whether the Proposed Issue of the Conversion Shares is carried out on normal commercial terms and not prejudicial to the interests of the Company and its Non-Interested Shareholders.

Our opinions are prepared pursuant to Rule 921(4)(a) of the Catalist Rules, as well as for the use and benefit of the Audit Committee in their deliberations on the Proposed Issue of the Conversion Shares and in making any recommendations to the Non-Interested Shareholders.

We are not and were not involved in any aspect of the negotiations entered into by the Company in connection with the Master Murabaha Facility Agreements, the Novation Agreement, the Proposed Extension of Conversion Rights or the Proposed Issue of the Conversion Shares (collectively, the “**Proposed Transactions**”) or in the deliberations leading up to the decision of the Directors to undertake the Proposed Transactions. Accordingly, we do not, by this letter, warrant the merits of the Proposed Transactions, other than to express an opinion on whether the Proposed Issue of the Conversion Shares as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Non-Interested Shareholders.

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For the purposes of arriving at our opinion in relation to the Proposed Issue of the Conversion Shares as an Interested Person Transaction, we have confined our analysis to the terms of the Proposed Issue of the Conversion Shares from a financial perspective. We have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not evaluated, and have not been requested to comment on, the strategic, legal or commercial merits or risks of the Proposed Transactions or the future growth prospects or earnings potential of the Group after the completion of the Proposed Transactions. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Proposed Transactions or on the future growth prospects, financial position and earnings potential of the Group after the completion of the Proposed Transactions.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Proposed Transactions has been disclosed in the Circular, (b) such information is true and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made such reasonable enquiries and exercised such judgement as were deemed necessary in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

We would like to highlight that, save as disclosed, all information relating to the Group and the Proposed Transactions that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or from the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 21 February 2022 (the “**Latest Practicable Date**”). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group and have not been furnished with any such evaluation or appraisal.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. In arriving at our opinion, with the consent of the Directors and/or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this letter.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser(s). Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to the Proposed Transactions and other related corporate actions.

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**Our opinion and advice in relation to the Interested Person Transaction should be considered in the context of the entirety of this letter and the Circular.**

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

### **3. THE PROPOSED EXTENSION OF CONVERSION RIGHTS AND THE PROPOSED ISSUE OF THE CONVERSION SHARES PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS**

#### **3.1 Background**

The Group has been undergoing a debt restructuring exercise ("**Debt Restructuring Exercise**"). On 8 June 2016, the Group and certain creditors agreed on and signed a term sheet setting out the key terms of restructuring the Group's debt obligations. On 23 September 2016, the Group entered into the debt restructuring agreement dated 23 September 2016 (the "**Debt Restructuring Agreement**") encapsulating the key terms of restructuring the Group's debt obligations. Material terms of the Debt Restructuring Agreement have been disclosed in the Company's announcement dated 26 September 2016.

Pursuant to the Debt Restructuring Exercise, amendments had to be made to key terms of the Master Murabaha Facility Agreement dated 13 February 2014 (the "**2014 Master Murabaha Facility Agreement**") entered into between the Company as purchaser and IB Asia as the bank and the commodity agent for the provision of a Singapore dollar murabaha facility of up to S\$15,000,000. Pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement had to be entered into.

As part of the Debt Restructuring Exercise and in continuation of the 2014 Master Murabaha Facility Agreement, the Company on 11 October 2016 entered into four (4) Master Murabaha Facility Agreements (the "**2016 Master Murabaha Facility Agreements**") with the Bank and the Commodity Agent for the provision of Singapore dollar murabaha facilities in an aggregate amount of up to S\$15,975,000 (or S\$3,993,750 per each 2016 Master Murabaha Facility Agreement).

Pursuant to the 2016 Master Murabaha Facility Agreements, the parties thereto agreed that the Bank (or its nominee) had the conversion rights (the "**IBA Conversion Rights**") to convert the whole (and not part) of the outstanding amount of the Deferred Sale Price (less the amount of Ibra' (rebate) (if any) that the Bank may grant on such outstanding amount) (the "**IBA Conversion Amount**") thereunder into new Shares to be issued and allotted by the Company following the exercise of the IBA Conversion Rights by the Bank (the "**IBA Conversion Shares**") at a conversion price of S\$0.081 per IBA Conversion Share (the "**2016 Conversion Price**"), subject to adjustments provided in the 2016 Master Murabaha Facility Agreements.

In connection with the 2016 Master Murabaha Facility Agreements, the Company also entered into four (4) call option agreements dated 11 October 2016 (the "**2016 Call Options**") between the Company, Zheng Choon as the sponsor (the "**Murabaha Sponsor**") and the Bank. Under the terms of the 2016 Call Options, the Bank granted the Murabaha Sponsor a call option over the IBA Conversion Shares pursuant to which the Murabaha Sponsor had the right to require the Bank to sell to it all (and not some only) of the IBA Conversion Shares at the Option Price (as defined in each 2016 Master Murabaha Facility Agreement).

The 2016 Conversion Price of S\$0.081 was revised to S\$0.0567 (the "**Conversion Price**") following the completion of the Company's rights issue on 11 May 2017, in accordance with the 2016 Master Murabaha Facility Agreements.

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The 2016 Master Murabaha Facility Agreements were subsequently amended by a first supplemental deed dated 31 May 2021 (the “**First Supplemental Deed**”) (the “**2021 Master Murabaha Facility Agreements**”) pursuant to which, *inter alia*, the 2016 Conversion Period was revised and extended to 31 December 2021.

On 18 August 2021, the Group entered into an amendment and restatement agreement dated 18 August 2021 (“**2021 Debt Restructuring Agreement**”) encapsulating the key terms of restructuring the Group’s debt obligations and to amend and restate the 2016 Debt Restructuring Agreement. Material terms of the 2021 Debt Restructuring Agreement were disclosed in the Company’s announcement dated 18 August 2021.

On 23 December 2021, the Company, Zheng Choon and IB Asia entered into the Novation Agreement whereby all the Novation Assets (as defined in paragraph 3.2 of this letter) arising out of or in connection with the 2021 Master Murabaha Facility Agreements and the 2016 Call Options were novated from the Original Lender in favour of the New Lender in accordance with the terms of the Novation Agreement.

The Novated 2021 Master Murabaha Facility Agreements were subsequently amended by the Second Supplemental Deed (now the Master Murabaha Facility Agreements) pursuant to which, *inter alia*, the conversion periods under the Novated 2021 Master Murabaha Facility Agreements were revised and extended to 31 December 2022.

Further details on the background of the Group’s Debt Restructuring Exercise leading to the Master Murabaha Facility Agreements are set out in section 2.1 of the Circular, and Shareholders are advised to read the information carefully.

### 3.2 Key Terms of the Novation Agreement

Pursuant to the Novation Agreement, the “**Novation Assets**” mean:

- (a) the total outstanding amount (inclusive of the Total Deferred Sale Price and Total Periodic Profit Amount) of S\$18,074,916.38 payable (where the total outstanding amount is subject to change after 31 December 2021 due to interest on accrual up to the date of conversion) by the Company to the Original Lender under the 2021 Master Murabaha Facility Agreements as at 31 December 2021;
- (b) all contractual rights, interests and benefits of whatsoever nature of the Original Lender under the Finance Documents; and
- (c) all moneys recoverable, claims for moneys, causes of action or damages in respect of the Facilities, and whereby such receivables, rights, interests, benefits and claims are or have been novated to the New Lender by the Original Lender in accordance with the terms of the Novation Agreement.

Pursuant to the Novation Agreement, the Novated 2021 Master Murabaha Facility Agreements, the Conversion Rights and the Call Options were novated to the New Lender. The consideration for the Novation Assets paid by the New Lender to the Original Lender was S\$4,500,000.

In respect of the Novation Agreement, the following definitions have been used herein:

“**Facilities**” means the loans granted by the Original Lender to the Company under the 2021 Master Murabaha Facility Agreements.

“**Finance Documents**” means the 2021 Master Murabaha Facility Agreements, the 2016 Call Options or any one or more of them as the context may require.

“**Total Deferred Sale Price**” means the aggregate amount of all monies described as “Deferred Sale Price” in all of the 2021 Master Murabaha Facility Agreements at the relevant time.

“**Total Periodic Profit Amount**” means the aggregate amount of all monies described as “Periodic Profit Amount” in all of the 2021 Master Murabaha Facility Agreements at the relevant time.

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### 3.3 Key Terms of the Proposed Extension of Conversion Rights and Proposed Issue of the Conversion Shares

A summary of the terms and conditions of the Conversion Rights to be extended and the Conversion Shares to be issued by the Company is set out in section 2.2 of the Circular, and the salient terms are reproduced as follows:

(a) Conversion Amount

In relation to each of the Master Murabaha Facility Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that Master Murabaha Facility Agreement (less the amount of Ibra' (rebate) (if any) that the New Lender may grant on such outstanding amount in accordance with the terms of that Master Murabaha Facility Agreement).

The total Conversion Amount under the Master Murabaha Facility Agreements shall be S\$18,198,068.94 as at 31 March 2022 and S\$18,317,553.18 as at 30 June 2022, as the case may be.

(b) Conversion Date

The date specified in a notice of conversion to be completed, executed and deposited by the New Lender (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements (the "**Conversion Date**").

(c) Conversion Period

The following periods:

- (i) from and including 1 January 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 1;
- (ii) from and including 1 July 2018 to and including 31 December 2022 in respect of Master Murabaha Facility Agreement 2; and
- (iii) from and including 1 January 2019 to and including 31 December 2022 in respect of Master Murabaha Facility Agreements 3 and 4.

The New Lender (or its nominee) has the right to convert the whole (and not part) of the Conversion Amount into Conversion Shares at any time during the Conversion Period.

(d) Conversion Shares

In relation to each Master Murabaha Facility Agreement, the number of Conversion Shares issuable upon conversion of the Conversion Amount shall be determined by dividing the Conversion Amount by the Conversion Price in effect on the Conversion Date.

Fractions of the Conversion Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. The number of Conversion Shares issuable upon conversion will be rounded down to the nearest whole number.

(e) Conversion Price

The price at which Conversion Shares will be issued upon conversion will be Singapore Dollars point zero five six seven (S\$0.0567) per Conversion Share, but will be subject to adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 1 to the Circular.



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The Conversion Price will be subject to adjustment in the occurrence of the following events set out in the Master Murabaha Facility Agreements and Appendix 1 to the Circular:

- (i) consolidation, subdivision or reclassification of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) Capital Distribution (as defined in Appendix 1 to the Circular);
- (iv) rights issues of Shares or options over Shares;
- (v) rights issues of other securities;
- (vi) issues at less than Current Market Price (as defined in Appendix 1 to the Circular);
- (vii) issues of other securities at less than Current Market Price (as defined in Appendix 1 to the Circular);
- (viii) modification of the Conversion Rights; or
- (ix) other offers to Shareholders.

Further details of adjustments to the Conversion Price are set out in Appendix 1 to the Circular and Shareholders are advised to read the information carefully.

As background, the 2016 Conversion Price of S\$0.081 was originally mutually agreed between the Company and the Bank, taking into consideration the prevailing market price of the Shares during the time of negotiation of the 2016 Murabaha Facilities and the Debt Restructuring Exercise which commenced on and about 31 July 2016 (the closing price of the Shares on 31 July 2016 was S\$0.05). The conversion price is higher than the closing price of the Shares on 3 March 2017, being the last market day where the Shares were traded prior to the relevant latest practicable date of S\$0.033.

The Conversion Price was subsequently adjusted from S\$0.081 to S\$0.0567 following the completion of the Company's rights issue on 11 May 2017, in accordance with the 2016 Master Murabaha Facility Agreement.

### 3.4 Potential Conversion Scenarios

We note that the Company has provided for two (2) conversion scenarios as at (i) 31 March 2022, and (ii) 30 June 2022 respectively. As at the Latest Practicable Date, subject to the terms and conditions as set out in the Master Murabaha Facility Agreements and assuming that:

- (a) the conversion of the Conversion Shares occurs on or before 31 March 2022 or 30 June 2022, as the case may be;
- (b) SIBOR is equivalent to zero point five per cent (0.5%);
- (c) the Group does not pay out any dividends or distributions to Shareholders prior to the Termination Date and the New Lender waives the dividend margin of 3% per annum payable to the New Lender;
- (d) the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the New Lender to convert into Conversion Shares; and
- (e) there are no further adjustments to the Conversion Price,

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the maximum aggregate number of Conversion Shares that may be allotted and issued as at 31 March 2022 is 320,953,597 (the “**31 March 2022 Maximum Issuance of Conversion Shares**”), and the maximum aggregate number of Conversion Shares that may be allotted and issued as at 30 June 2022 is 323,060,903 (the “**30 June 2022 Maximum Issuance of Conversion Shares**”), as the case may be.

**Shareholders should note that the maximum number of Conversion Shares to be issued as set out above, may possibly be increased or decreased following any adjustments to the Conversion Price. Further details of adjustments to the Conversion Price are set out in Appendix 1 to the Circular.**

Further details of the conversion scenarios are set out in section 2.1 of the Circular, and Shareholders are advised to read the information carefully.

### 3.5 Approvals

The completion of the Proposed Issue of the Conversion Shares pursuant to the Proposed Extension of the Conversion Rights is subject to, *inter alia*, (a) the Shareholders’ approval being obtained at the EGM, and (b) the approval in-principle being granted by the SGX-ST for the listing and quotation of the Conversion Shares on the Catalist.

Shareholders should note that the indebtedness under the Master Murabaha Facilities Agreements is repayable on 31 December 2022 whether or not Shareholders’ approval for the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares is obtained. In the event that such Shareholders’ approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facilities Agreements on 31 December 2022 and the New Lender will not have the right to convert the Conversion Amount into Conversion Shares. The indebtedness which will be payable by the Company to the New Lender is equivalent to the total outstanding amount (inclusive of the Total Deferred Sale Price and Total Periodic Profit Amount (as defined in paragraph 3.2 of this letter)) of S\$18,074,916.38 as at 31 December 2021, as novated to the New Lender pursuant to the Novation Agreement, and the accrued interest, as at the date of repayment, if any.

Further details on the approvals required for the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares are set out in sections 2.4 and 2.5 of the Circular and Shareholders are advised to read the information carefully.

Shareholders should note that the passing of resolutions in relation to each of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares are inter-conditional. As such, if any one of the resolutions is not passed, the remaining resolution would not be carried.

### 3.6 Other information on the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares

Please refer to section 2 of the Circular for further information on the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares.

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### 4. THE PROPOSED ISSUE OF THE CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTION

Rule 906 of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than, *inter alia*, 5.00% of the Group's latest audited NTA.

Zheng Choon, being a controlling shareholder of the Company, is defined as an "Interested Person" of the Company while the Company is an "Entity at Risk" under Chapter 9 of the Catalist Rules. As Zheng Choon intends to exercise its Conversion Rights under the Master Murabaha Facility Agreements pursuant to which it will be allotted and issued the Conversion Shares, the allotment and issuance of the Conversion Shares by the Company to Zheng Choon is an Interested Person Transaction under Chapter 9 of the Catalist Rules.

Assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon to convert into Conversion Shares (i) as at 31 March 2022, i.e. the issuance of 320,953,597 Conversion Shares, the value of the transaction (i.e. S\$18,198,068.94) is 93.64% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021; or (ii) as at 30 June 2022, i.e. the issuance of 323,060,903 Conversion Shares, the value of the transaction (i.e. S\$18,317,553.18) is 94.25% of the Group's latest audited NTA of approximately S\$19.4 million as at 31 March 2021. As the value of the transaction exceeds 5.00% of the Group's latest audited NTA, pursuant to Rule 906 of the Catalist Rules, the Proposed Issue of the Conversion Shares is an Interested Person Transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders' approval for the Proposed Issue of the Conversion Shares.

### 5. EVALUATION OF THE INTERESTED PERSON TRANSACTION

The Proposed Issue of the Conversion Shares is undertaken in connection with the Proposed Extension of Conversion Rights pursuant to the Master Murabaha Facility Agreements, arising from the novation of the Novation Assets from IB Asia to Zheng Choon under the Novation Agreement entered into between the Company, Zheng Choon and IB Asia.

Accordingly, in our evaluation of the Proposed Issue of the Conversion Shares as an Interested Person Transaction, we have considered the terms of the Master Murabaha Facility Agreements including the Proposed Issue of the Conversion Shares from a financial perspective, for the purposes of our analysis in this letter. We have reviewed and examined the following factors which have a significant bearing on our assessment:

- (a) the rationale for the entry into the Novation Agreement;
- (b) the rationale for the Proposed Issue of the Conversion Shares;
- (c) the historical financial performance and condition of the Group;
- (d) the reasonableness of the terms of the Master Murabaha Facility Agreements, including the Proposed Issue of the Conversion Shares;
- (e) the financial effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares on the Group; and
- (f) other relevant considerations.

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As set out in section 3.5 of the Circular, we note that the consideration agreed between Zheng Choon and IB Asia for the Novation Assets was S\$4,500,000, and such consideration was arrived at after a commercial decision between IB Asia and Zheng Choon on a willing buyer-willing seller basis, taking into account the prevailing market price of the shares of the Company during the negotiations between IB Asia and Zheng Choon. However, for the avoidance of doubt, our evaluation of the Proposed Issue of the Conversion Shares as an Interested Person Transaction will focus on the Conversion Amount after taking into consideration, *inter alia*, that (i) the value-at-risk of the Interested Person Transaction is the total Conversion Amount under the Master Murabaha Facility Agreement, which is (AA) S\$18,198,068.94 as at 31 March 2021, or (BB) S\$18,317,553.18 as at 30 June 2022 respectively, as set out in sections 2.1 and 3.4 of the Circular, and (ii) the consideration for the Novation Assets agreed between IB Asia and Zheng Choon has no impact on the Group, its financials and its Shareholders.

For the avoidance of doubt, as set out in section 2.1 of the Circular, we note that the Company understands that the Call Options are no longer relevant and will not be utilised by Zheng Choon as the relevant parties (i.e. the New Lender and the Murabaha Sponsor) are both Zheng Choon. We also note that, pursuant to the Master Murabaha Facility Agreements and Novation Agreement, the IBA Conversion Rights has been novated to Zheng Choon. Upon exercise of its Conversion Rights and subject to the approval of Shareholders being obtained at the EGM, the Conversion Shares will be issued and allotted to Zheng Choon. Accordingly, notwithstanding that the Novation Assets also include, among others, the Call Options, the Call Options are no longer relevant upon the issuance of the Conversion Shares to Zheng Choon. Accordingly, our analysis of the Proposed Issue of the Conversion Shares as an Interested Person Transaction will not include the review of the terms of the Call Options.

### 5.1 Rationale for the entry into the Novation Agreement

The full text of the rationale for the entry into the Novation Agreement is set out in section 3.5 of the Circular, and have been reproduced in italics below:

*“The Company understands that the Bank wished to sell the obligations and benefits under the Master Murabaha Facility Agreements. As the Bank and/or the Company were unable to procure suitable third party buyers, the Bank approached Zheng Choon and both parties agreed to enter into the Novation Agreement.*

*The Company further understands that the consideration of S\$4,500,000 was a commercial decision between the Bank and the New Lender on a willing buyer-willing seller basis, taking into account the prevailing market price of the shares of the Company during the negotiations between the Bank and the New Lender.”*

### 5.2 Rationale for the Proposed Issue of the Conversion Shares

We note that the Proposed Issue of the Conversion Shares is pursuant to Zheng Choon exercising its Conversion Rights pursuant to the Master Murabaha Facility Agreements and the Novation Agreement. The full text of the rationale for the Proposed Issue of the Conversion Shares is set out in section 3.6 of the Circular, and have been reproduced in italics below:

*“The allotment and issuance of the Conversion Shares by the Company to the New Lender under the Proposed Issue of the Conversion Shares is in lieu of cash repayment by the Company to the New Lender of the Conversion Amount, being S\$18,198,068.94 as of 31 March 2022, due and owing under the Master Murabaha Facility Agreements. Accordingly, no cash proceeds will be received by the Company from the New Lender for the allotment and issuance of the Conversion Shares. After the Conversion Shares have been duly issued and/or delivered to the New Lender in accordance with the Master Murabaha Facility Agreements and registered in the name of the New Lender or its nominee in accordance with paragraph 3 of Schedule 5 (Conversion Mechanics) of the Master Murabaha Facility Agreements (or otherwise agreed between the New Lender and the Company), all outstanding amounts under the Master Murabaha Facility Agreements shall immediately be reduced to zero and the Company shall be released and discharged from its liabilities under the Master Murabaha Facility Agreements.*

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*The Proposed Issue of the Conversion Shares will also reduce the Company's borrowings (both excluding lease liabilities) as at 30 September 2021 approximately from S\$46,376,143 to S\$30,401,143. It will also strengthen the Group's balance sheet and improve its debt-equity position. The Board is of the opinion that the successful completion of the Proposed Issue of the Conversion Shares would allow the Group to apply more of its cash flow towards its ongoing business operations and other opportunities and repayment of the reduced borrowings.*

*The Proposed Issue of the Conversion Shares is also a show of confidence by the New Lender and the Zheng Choon Shareholders, as Controlling Shareholders, in the future plans, viability and anticipated performance of the Group.*

*This is also in the interest of the Company as the Company's growth from a small pipe laying contractor to an established one-stop underground utilities infrastructure construction and road works service provider is attributable to the competency and expertise of the Zheng Choon Shareholders who are part of the key management of the Company. The Proposed Issue of the Conversion Shares serves to further motivate and incentivise the Zheng Choon Shareholders to remain in and contribute towards the long-term success of the Group, by aligning their interests with the interests of the Group and all Shareholders."*

### 5.3 Historical Financial Performance and Condition of the Group

The salient historical financial information of the Group for the financial years ended 31 March 2019, 2020 and 2021 ("FY2019", "FY2020" and "FY2021" respectively), and the latest interim results for the 6-month financial period ended 30 September 2020 and corresponding period for the preceding year ending at 30 September 2021 ("6M2021" and "6M2022" respectively) is set out below:

#### 5.3.1 Financial Performance of the Group

A summary of the financial performance of the Group for FY2019, FY2020, FY2021, 6M2021 and 6M2022 are set out as follows:

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income (\$'000)

	Audited			Unaudited	
	FY2019	FY2020	FY2021	6M2021	6M2022
Revenue from continuing operations	102,442	94,448	75,594	27,058	46,992
Gross profit/(loss)	5,014	7,130	5,939	(2,793)	6,689
(Loss)/Profit before taxation	(8,143)	(4,810)	774	(4,256)	3,454
Net (loss)/profit from continuing operations, after taxation	(8,625)	(4,830)	810	(4,256)	3,454
Net (loss)/profit from discontinued operation <sup>(1)</sup> , net of tax	(980)	238	63	(87)	—
(Loss)/Profit attributable to owners of the Company from continuing operations	(8,625)	(4,830)	810	(4,256)	3,454

Source: Company's annual reports for FY2019, FY2020 and FY2021 and announcement of the unaudited financial statements for 6M2022.

#### Note:

- (1) Discontinued operation relates to results of Ley Choon (Yantai) Eco-Green Construction Materials Ltd. ("LCYT"). On 31 March 2020, the Company entered into a share transfer agreement with Yantai Chengtong Building Decoration Engineering Co., Ltd. and Yantai Construction Materials Ltd to dispose of 45.00% and 15.00%, respectively, of the registered capital of LCYT for an aggregate consideration of RMB 24 million (equivalent to approximately S\$4.8 million). On 21 May 2021, the Group completed the disposal of 60% equity interest in LCYT, and LCYT has ceased to be a subsidiary of the Company.

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We note the following:

(a) Revenue from Continuing Operations

The Group's revenue from continuing operations decreased by S\$8.0 million or 7.8% from S\$102.4 million in FY2019 to S\$94.4 million in FY2020, mainly due to the completion of certain projects from its pipe and roads segment during the year, decrease in sales to external customers from its customer materials segment and decrease in inter-segment revenue mainly due to lesser usage of asphalt premix as a result of completion of certain projects.

The Group's revenue from continuing operations decreased by S\$18.8 million or 20.0% from S\$94.4 million in FY2020 to S\$75.6 million in FY2021, largely attributable to the halting of bulk of the Group's construction activities, slow resumption of construction works and decrease in demand for construction materials during the circuit breaker and the subsequent Phase-1 reopening periods ("**Phase 1**"), as imposed by the Singapore Government in response to coronavirus disease ("**Covid-19**").

The Group's revenue from continuing operations increased by S\$19.9 million or 73.4% from S\$27.1 million in 6M2021 to S\$47.0 million in 6M2022, mainly attributable to higher construction activities. The lower construction activities in 6M2021 were mainly due to halting of construction activities during the circuit breaker and slow resumption during Phase-1.

(b) Net (Loss)/Profit attributable to owners of the Company

Without taking into consideration the financial results from discontinued operations, the Group's net loss attributable to owners of the Company improved by S\$3.8 million from a net loss of S\$8.6 million in FY2019 to a net loss of S\$4.8 million in FY2020. This was mainly due to: (i) an improvement of the Group's gross profit margin mainly attributable to decrease in material cost as a result of less consumption of materials for certain ongoing project mix; (ii) a decrease in administrative expenses comprising of lower professional fees and staff costs, (iii) impairment losses on trade receivables reversed in FY2020 and (iv) decrease in other operating expenses due to absence of foreign exchange losses, partially offset by increase in finance costs due to increase in interest rates.

The Group recorded a net profit attributable to owners of the Company from continuing operations of S\$0.8 million in FY2021, as compared to a net loss attributable to owners of the Company from continuing operations of S\$4.8 million in FY2020. This was due to: (i) an improvement of the Group's gross profit margin partly due to decrease in certain fixed direct operating costs; (ii) decrease in administrative expenses, (iii) decrease in other operating expenses due to lower impairment loss and absence of inventory write-off, and (iv) decrease in finance costs due to decrease in interest rates; and partially offset by increase in other income due to government grants from the Singapore Government to support businesses affected by Covid-19.

The Group recorded a net profit attributable to owners of the Company from continuing operations of S\$3.5 million in 6M2022 as compared to a net loss attributable to owners of the Company from continuing operations of S\$4.3 million in 6M2021. This was due to (i) increase in revenue as explained in paragraph 5.3.1(a) above, (ii) increase in gross profit margin due to higher project margins, (iii) decreases in administrative staff expenses and professional fees, (iii) decrease in other operating expenses due to absence of loss on disposal of property, plant and equipment in 6M2022, and (iv) decrease in finance costs due to decrease in borrowings as well as interest rate; and partially offset by the decrease in other income due mainly to lower government grants.

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### 5.3.2 Financial Position of the Group

A summary of the financial position of the Group as at 30 March 2019, 2020 and 2021, and 30 September 2021 are set out as follows:

Statements of Financial Position (S\$'000)	Audited			Unaudited
	As at 31 March			As at 30 September
	2019	2020 <sup>(1)</sup>	2021	2021 <sup>(2)</sup>
Current assets	66,752	72,862	66,747	66,423
Current liabilities	43,078	91,576	82,122	47,810
Working capital	23,674	(18,714)	(15,375)	18,613
Non-current assets	50,140	39,937	37,886	33,352
Non-current liabilities	50,614	2,771	2,847	28,856
Borrowings	58,048	54,458	54,266	46,376
Total equity attributable to owners of the Company	23,200	18,452	19,664	23,109

Source: Company's annual reports for FY2019, FY2020 and FY2021 and announcement of the unaudited financial statements for 6M2022.

#### Notes:

- (1) Current assets and current liabilities as at 31 March 2020 included assets and liabilities of disposal group classified as held-for-sale of S\$10.9 million and S\$4.6 million respectively.
- (2) Current assets as at 30 September 2021 included assets of disposal group classified as held-for-sale of S\$3.2 million.

We note the following:

#### (a) Working Capital

The Group's working capital decreased from a positive working capital of S\$23.7 million as at 31 March 2019 to a negative working capital of S\$18.7 million as at 31 March 2020, mainly due to (i) an increase in borrowings of S\$47.0 million due to a re-classification of borrowings from non-current to current, (ii) an increase in lease liabilities of S\$2.6 million, (iii) a decrease in contract assets of S\$2.1 million, (iv) a decrease in prepayments of S\$0.8 million, and (v) a decrease in cash and cash equivalents of S\$0.7 million, (vi) a decrease in fixed deposits of S\$1.4 million, partially offset by (i) an increase in net assets of disposal group classified as held-for-sale of S\$6.3 million, which was in relation to the disposal of LCYT as described above, (ii) a decrease in trade and other payables of S\$5.0 million, and (iii) an increase in trade and other receivables of S\$0.4 million.

As at 31 March 2021, the Group's recorded a negative working capital of S\$15.4 million as compared to a negative working capital of S\$18.7 million as at 31 March 2020, mainly due to (i) an increase in cash and bank balances by S\$4.2 million, (ii) a decrease in trade and other payables by S\$3.9 million, (iii) an increase in inventories of S\$0.7 million, (iv) a decrease in lease liabilities of S\$0.8 million, partially offset by (i) a decrease in net assets of disposal group classified as held for sale of S\$6.3 million as at 31 March 2020 and (ii) a decrease in contract assets of S\$0.3 million.

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The Group's working capital improved from a negative working capital of S\$15.4 million as at 31 March 2021 to a positive working capital of S\$18.6 million as at 30 September 2021, mainly due to (i) a decrease in borrowings of S\$33.5 million as a result of repayment of borrowings and reclassification of borrowings to non-current, (ii) an increase in assets of disposal group classified as held-for-sale of S\$3.2 million, (iii) the absence of provisions of S\$1.8 million made as at 31 March 2021 in relation to provision for liquidated damages related to a completed project off-set against the final settlement claim, and (iv) an increase in inventories of S\$1.2 million, partially offset by (i) a decrease in trade and other receivables of S\$0.4 million, (ii) a decrease in contract assets of S\$2.9 million, (iii) a decrease in cash and bank balances of S\$1.9 million, and (iv) an increase in lease liabilities of S\$1.0 million.

(b) Borrowings

The Group's total borrowings (including current and non-current) amounted to S\$58.0 million, S\$54.5 million, S\$54.3 million and S\$46.4 million as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 September 2021 respectively.

(c) Total Equity attributable to owners of the Company

The Group's total equity attributable to owners of the Company amounted to S\$23.2 million, S\$18.5 million, S\$19.7 million and S\$23.1 million as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 September 2021 respectively

### 5.3.3 Consolidated Statement of Cash Flow of the Group

A summary of the cash flow of the Group for FY2019, FY2020, FY2021, 6M2021 and 6M2022 are set out as follows:

Consolidated Statement of Cash Flows (S\$'000)	FY2019	Audited FY2020	FY2021	Unaudited 6M2021	6M2022
Net cash flow generated from operating activities	2,462	8,996	7,899	4,085	9,004
Net cash flow (used in)/ generated from investing activities	(282)	(1,530)	1,146	(786)	51
Net cash flow used in financing activities	(3,244)	(7,555)	(5,502)	(2,419)	(10,968)
Net (decrease)/increase in cash and cash equivalents	(1,064)	(89)	3,543	880	(1,913)
Cash and cash equivalents at end of period	3,568	3,470	7,009	4,349	5,096

Source: Company's annual reports for FY2019, FY2020 and FY2021 and announcement of the unaudited financial statements for 6M2022.

We note the following:

(a) Net cash flow generated from operating activities

Taking into account the financial results from discontinued operations, the Group generated positive net cash flows from operating activities in the last three financial years which increased from S\$2.5 million in FY2019 to S\$9.0 million in FY2020 and decreasing slightly to S\$7.9 million in FY2021. The Group also recorded positive net cash flows generated from operating activities in 6M2021 and 6M2022 (from continuing operations) of S\$4.1 million and S\$9.0 million respectively.

(b) Net cash flow used in financing activities

The Group has been recording net cash flows used in financing activities of S\$3.2 million, S\$7.6 million, S\$5.5 million, S\$2.4 million and S\$11.0 million for FY2019, FY2020, FY2021, 6M2021 and 6M2022 respectively. Net cash flows used in financing activities mainly relates to: (i) fixed deposits pledged with banks; (ii) interest paid on borrowings; (iii) repayment of lease liabilities; and (iv) repayment of loans from financial institutions.



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(c) Cash and cash equivalents

Taking into account: (i) the cash and cash equivalents at the beginning of 6M2022 of S\$7.0 million; and (ii) the net decrease in cash and cash equivalents of S\$1.9 million, the Group's cash and cash equivalent as at 30 September 2021 amounted to S\$5.1 million.

We note the following statement in the annual report for FY2020, whereby Foo Kon Tan LLP has, without qualifying its audit opinion, included a material uncertainty related to going concern:

*"We draw attention to Note 2(a) to the financial statements. The Group incurred a net loss and total comprehensive loss of S\$4,592,000 and S\$4,600,000, respectively, for the financial year ended 31 March 2020. In addition, the Group and the Company had net current liabilities of S\$18,714,000 and S\$9,815,000, respectively, as at 31 March 2020.*

*As disclosed in Note 16 to the financial statements, the Group did not meet the financial covenants in respect of its restructured borrowings for the relevant periods ended 30 June 2019 and 31 December 2019. These borrowings amounted to S\$54,458,000 as at 31 March 2020. The Group had obtained from the relevant lenders waivers of compliance with the financial covenants relating to 30 June 2019 and 31 December 2019 before the end of the reporting period. The Group had also obtained waivers of compliance with the financial covenants relating to 30 June 2020 and 31 December 2020 from the relevant lenders before the date of authorisation of the financial statements. The appropriateness of the use of the going concern assumption in the financial statements is dependent on the factors disclosed in Note 2(a).*

*These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concern.*

*If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements.*

*Our opinion is not modified in respect of this matter."*

We also note the following statement on the significant trends and competitive conditions of the industry in which the Group operates that may affect the Group in the next reporting period and the next 12 months that was made in its unaudited 6M2022 financial results announcement on 12 November 2021:

*"The Building and Construction Authority ("BCA"), in their announcement dated 18 January 2021, projected that the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) would range between S\$23 billion and S\$28 billion. The public sector is expected to drive the construction demand in 2021, with between S\$15 billion and S\$18 billion worth of public housing and infrastructure projects scheduled for award this year which include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1, the Deep Tunnel Sewerage System Phase-2 and underground utilities infrastructure projects such as water, gas and power transmission and distribution lines. BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$25 billion and S\$32 billion per year from 2022 to 2025. The public sector is expected to lead the demand and contribute S\$14 billion to S\$18 billion per year from 2022 to 2025.*

*Despite the headwinds caused by the COVID-19 Delta variant, the overall external economic environment has been improving. However, Singapore's construction sector still remains as one of the worst affected sectors largely because of the labour crunch as a result of border restrictions and global supply chain disruptions as well. The Group has been closely monitoring in terms of the project cost and timelines.*

*The Group has been actively implementing and monitoring the required measures to strictly comply with the COVID-19 advisories by the Government. The Group witnessed a sudden surge in antigen test positive cases in its workforce recently, but as of now the total number of positive cases substantially declined to less*

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than five as result of swift counter measures. Given the uncertainties over the prolongation and severity of this pandemic, the Group has been trying to embrace new sustainable ways of working, accelerating digital transformation and recalibrating of project management strategy.

In view of the difficult operating environment and rising costs, the Group will continue to tender prudently and strive to secure more contracts to maintain a sustainable order book. To-date, the Group's unfulfilled order book stands at a healthy level of some S\$164 million."

### 5.4 Reasonableness of the terms of the Master Murabaha Facility Agreements, including the Proposed Issue of the Conversion Shares

The Proposed Issue of the Conversion Shares is undertaken in connection with the Proposed Extension of Conversion Rights pursuant to the Master Murabaha Facility Agreements, arising from the novation of the Novation Assets from IB Asia to Zheng Choon under the Novation Agreement entered into between the Company, Zheng Choon and IB Asia.

We note that the 2016 Conversion Price of S\$0.081 was originally mutually agreed between the Company and the Bank, taking into consideration the then prevailing market price of the Shares during the time of negotiation of the 2016 Murabaha Facilities and the Debt Restructuring Exercise which commenced on and about 31 July 2016 (the closing price of the Shares on 31 July 2016 was S\$0.05).

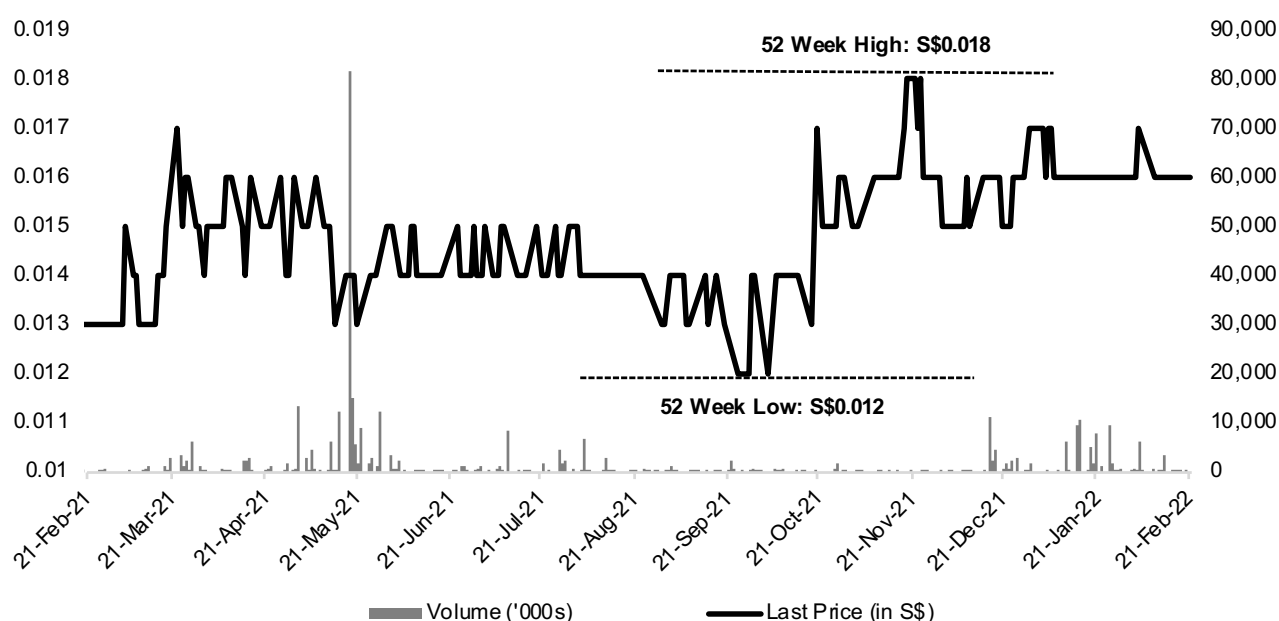
The Conversion Price was subsequently adjusted from S\$0.081 to S\$0.0567 following the completion of the Company's rights issue on 11 May 2017, in accordance with the 2016 Master Murabaha Facility Agreement.

Accordingly, we have considered the following in assessing the reasonableness of the Conversion Price:

- (a) market quotation of the Shares;
- (b) comparison with the NTA of the Group;
- (c) comparison with precedent transactions for convertible debts; and
- (e) comparison with the Group's existing credit facilities and loans.

#### 5.4.1 Market quotation of the Shares

The trend of the daily closing prices of the Shares for the period commencing 12 months prior and up to the Announcement Date and ending on the Latest Practicable Date is set out in the chart below:



Source: Bloomberg L.P.

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A tabulation of the volume-weighted average prices (“**VWAP**”) of the Shares over periods of one (1), three (3), six (6) and 12 month(s) prior and up to the last trading day of the Shares on the SGX-ST prior to the Announcement Date and for the period after the Announcement Date and up to the Latest Practicable Date is set out as follows:

<b>VWAP Analysis</b>	<b>Lowest Closing Price (S\$)</b>	<b>Highest Closing Price (S\$)</b>	<b>VWAP (S\$)</b>	<b>Premium of Conversion price over VWAP (%)</b>
<b>Periods prior to the Announcement Date</b>				
Last 12 months	0.0120	0.0180	0.0156	263.5
Last 6 months	0.0120	0.0180	0.0160	254.4
Last 3 months	0.0120	0.0180	0.0164	245.7
Last one month	0.0150	0.0180	0.0165	243.6
Last Market Day <sup>(1)</sup> prior to the Announcement	0.0150	0.0150	0.0156	263.5
<b>Period after the announcement date and up to the Latest Practicable Date</b>				
After the Announcement Date and up to the Latest Practicable Date <sup>(2)</sup>	0.0160	0.0170	0.0162	250.0
Latest Practicable Date <sup>(2)</sup>	0.0160	0.0160	0.0160	254.4

Source: Bloomberg L.P.

**Notes:**

- (1) This refers to 22 December 2021, being the last market day (the “**Last Market Day**”) on which the Shares were traded prior to signing of the Novation Agreement.
- (2) This refers to shares traded on 18 February 2022, being the last market day on which Shares were traded prior to the Latest Practicable Date.

We note the following with regard to the periods prior and up to the Announcement Date:

- (a) during the 12-month period prior and up to the Announcement Date, the closing prices of the Shares ranged between a low of S\$0.0120 (on 24 September 2021, 28 September 2021 and 4 October 2021) and a high of S\$0.0180 (on 19 November 2021, 22 November 2021 and 24 November 2021). The Conversion Price represents (i) a significant premium of S\$0.0447 or 372.5% over the lowest closing price of the Shares during the aforementioned 12-month period, and (ii) a premium of S\$0.0387 or 215.0% over the highest closing price of the Shares during the aforementioned 12-month period;
- (b) the Conversion Price represents a significant premium of 263.5%, 254.4%, 245.7% and 243.6% over the VWAP of the Shares for the 12-, 6-, 3- and one-month period prior and up to the Announcement Date respectively; and
- (c) the Conversion Price represents a significant premium of 278.0% over the closing price of the Shares of S\$0.0150 on 22 December 2021, being the Last Market Day.

We note the following with regard to the period after the Announcement Date and up to the Latest Practicable Date:

- (a) the closing prices of the Shares ranged between a low of S\$0.0160 on (24 December 2021, 28 December 2021, 4 January 2022, 7 January 2022, 13 January 2022, 14 January 2022, 17 January 2022, 19 January 2022, 24 to 25 January 2022, 27 to 28 January 2022, 3 February 2022, 9 February

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2022, 14 to 15 February 2022 and 18 February 2022) and a high of S\$0.0170 on (30 December 2021, 3 January 2022, 5 to 6 January 2022 and 4 February 2022). The Conversion Price represents a significant premium of S\$0.0407 or 254.4% over the lowest closing price of the Shares and a premium of S\$0.0397 or 233.5% over the highest closing price of the Shares during the aforementioned period;

- (b) the Conversion Price represents a significant premium of S\$0.0405 or 250.0% over the VWAP of the Shares of S\$0.0162 for the aforementioned period; and
- (c) the Conversion Price represents a significant premium of S\$0.0407 or 254.4% over the closing price of the Shares of S\$0.0160 on 18 February 2022, being the last market day on which Shares were traded prior to the Latest Practicable Date.

### 5.4.2 Comparison with the NTA of the Group

#### NTA of the Group

Based on the latest unaudited consolidated financial statements of the Group as at 30 September 2021, the unaudited NTA of the Group amounted to S\$22.9 million, or S\$0.0193 per Share (based on 1,184,813,992 issued Shares excluding treasury Shares and subsidiary holdings as at 30 September 2021). Accordingly, the Conversion Price per Share represents a significant premium of S\$0.0374 (or approximately 193.8%) over the unaudited NTA per Share of S\$0.0193 as at 30 September 2021.

The Directors have confirmed that to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 September 2021; (b) there have been no material acquisitions or disposals of assets by the Group since 30 September 2021 and up to the Latest Practicable Date; and (c) there are no other contingent liabilities, bad or doubtful debts or impairment losses which are likely to have a material impact on the unaudited NTA of the Group as at 30 September 2021.

### 5.4.3 Comparison with precedent issue of convertible debts

As the Proposed Issue of the Conversion Shares is undertaken in connection with the Proposed Extension of Conversion Rights pursuant to the Master Murabaha Facility Agreements, in assessing the reasonableness of the terms of the Proposed Issue of the Conversion Shares, we have compared the financial terms of the Master Murabaha Facilities with those of selected recent convertible or exchangeable loans or bonds and convertible options granted on existing debt facilities (the “**Precedent Convertible Debt Transactions**”), issued by companies listed on the SGX-ST, which were announced in the one-year period prior to the Announcement Date and which had been completed as at the Latest Practicable Date (the “**Relevant Period**”). While not directly comparable to the Master Murabaha Facilities, the Precedent Convertible Debt Transactions provide a reference on certain market rates and terms.

Shareholders should note that the circumstances and terms relating to the Precedent Convertible Debt Transactions are unique and might not be identical to the Master Murabaha Facilities and/or the Conversion Shares, and are dependent on factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Convertible Debt Transactions.

We wish to highlight that the Precedent Convertible Debt Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Convertible Debt Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Convertible Debt Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

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Company	Date of Announcement	Principal sum (in thousands)	Tenure (years)	Security	Conversion Price (\$)	Premium/(discount) of conversion price over VWAP <sup>(1)</sup> prior to announcement	Conversion price-to-NTA ratio (times) <sup>(2)</sup>	Coupon/Interest rate per annum (%)	Redemption on Terms on Maturity															
Jasper Investments Limited	16 August 2021	S\$1,200	1.5	Unsecured	0.00315	(10.00)%	n.m <sup>(3)</sup>	8.0%	100% of principal sum															
GSH Corporation Limited	30 June 2021	S\$78,277	3	Unsecured	0.17	(7.61)% <sup>(4)</sup>	0.89	5.2%	100% of principal sum															
Lum Chang Holdings Limited	25 June 2021	S\$20,000	3	Unsecured	0.44	11.39% <sup>(5)</sup>	0.66	2.0%	100% of principal sum															
Yongnam Holdings Limited	4 June 2021	S\$9,500	1	Unsecured	0.05 to 0.10 <sup>(6)</sup>	(35.06%) to 29.87% <sup>(7)</sup>	0.19 to 0.38 <sup>(7)</sup>	7.0%	100% of principal sum															
KTL Global Limited	3 June 2021	S\$2,000	2	Unsecured	0.062	(10.00)%	n.m <sup>(8)</sup>	2.0%	100% of principal sum															
Singapore Airlines Limited	19 May 2021	S\$6,196,794	9	Unsecured	4.84	0.88% <sup>(9)</sup>	0.92	0.0%	Mandatory Conversion															
Wilton Resources Corporation Limited	31 March 2021	S\$4,500	2	Unsecured	Based on a formula <sup>(10)</sup>	n.m. <sup>(11)</sup>	n.m. <sup>(12)</sup>	0.0%	105% of principal sum															
OIO Holdings Limited	29 March 2021	US\$2,400	0.5	Unsecured	0.178	(9.64)%	n.m <sup>(13)</sup>	8.0%	100% of principal sum															
Healthbank Holdings Limited	23 March 2021	S\$3,300	3	Unsecured	0.088	0.00%	0.52 <sup>(14)</sup>	0.0%	100% of principal sum															
OUE Lippo Healthcare Limited	23 February 2021	S\$189,608	Perpetual	Unsecured	0.07	84.21% <sup>(15)</sup>	2.25	4.0%	100% of principal sum															
Singapore Exchange Limited	1 February 2021	EUR240,000	3	Unsecured <sup>(16)</sup>	13.0944 <sup>(17)</sup>	32.19% <sup>(18)</sup>	23.60 <sup>(19)</sup>	0.0%	100% of principal sum															
Medi Lifestyle Limited <sup>(20)</sup>	29 January 2021	S\$2,250	1	Unsecured	0.04	3.10%	3.56 <sup>(21)</sup>	10.0%	100% of principal sum															
Oxley Holdings Limited	7 January 2021	US\$80,000	2	Unsecured	0.25	12.78%	1.03	4.5%	105% of principal sum															
<table><tr><td>High</td><td>84.21%</td><td>23.60</td><td>10.00%</td></tr><tr><td>Mean</td><td>7.85%</td><td>1.16<sup>(19)</sup></td><td>4.12%</td></tr><tr><td>Median</td><td>0.88%</td><td>0.89<sup>(19)</sup></td><td>4.25%</td></tr><tr><td>Low</td><td>(35.06)%</td><td>0.19</td><td>0.00%</td></tr></table>									High	84.21%	23.60	10.00%	Mean	7.85%	1.16 <sup>(19)</sup>	4.12%	Median	0.88%	0.89 <sup>(19)</sup>	4.25%	Low	(35.06)%	0.19	0.00%
High	84.21%	23.60	10.00%																					
Mean	7.85%	1.16 <sup>(19)</sup>	4.12%																					
Median	0.88%	0.89 <sup>(19)</sup>	4.25%																					
Low	(35.06)%	0.19	0.00%																					
Company	23 December 2021	S\$15,975	1 <sup>(22)</sup>	Secured	0.056	263.46% <sup>(23)</sup>	2.94 <sup>(24)</sup>	6.50%	100% of principal sum															

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and SAC Capital's computations.

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### Notes:

- (1) Unless stated otherwise, VWAP is computed based on the last full market day on which shares of the respective companies were traded preceding the date of the announcements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.
- (2) NTA per share is computed based on the latest announced financial statements by the companies involved in the Precedent Convertible Debt Transactions prior to the announcement of the respective Precedent Convertible Debt Transactions.
- (3) n.m. denotes not meaningful as Jasper Investments Limited was in a net tangible liabilities position as at 30 June 2020.
- (4) Based on the conversion price of S\$0.17 and the VWAP of S\$0.184 per share on 29 June 2021, being the last traded day prior to the announcement of the proposed renounceable non-underwritten rights issue of the convertible bonds on 30 June 2021.
- (5) Based on the conversion price of S\$0.44 and the VWAP of S\$0.395 per share on 24 June 2021, being the last full market day on which the shares were traded preceding the date of the announcement on 25 June 2021.
- (6) The price at which each share shall be issued upon conversion shall be equivalent to the simple average of the daily VWAP per share for trades done for a consecutive ten (10) market days period on the SGX-ST (for the avoidance of doubt, excluding any one (1) or more intervening market days on which there are no trades in the shares of Yongnam Holdings Limited immediately prior to the date on which the bonds are issued), provided always that the conversion price computed on this basis shall in no event be more than S\$0.10 or less than S\$0.05.
- (7) Based on the (i) minimum conversion price of S\$0.05 and the maximum conversion price of S\$0.10 and (ii) the VWAP of S\$0.077 on 3 June 2021, being the last full market day on which shares were traded preceding the date of announcement on 3 June 2021, and (ii) the unaudited NTA per share as at 31 March 2021 of S\$0.27.
- (8) n.m. denotes not meaningful as KTL Global Limited was in a net tangible liabilities position as at 31 March 2021.
- (9) Based on the conversion price of S\$4.84 and the VWAP of S\$4.798 on 18 May 2021, being the last full market day on which shares were traded preceding the date of the announcement of the proposed renounceable rights issue on 19 May 2021.
- (10) The effective conversion price is based on a formula, being the higher of (i) the conversion price, which is 98% of the lowest closing VWAP during the last 10 trading days immediately preceding the date of conversion notice, or (ii) the higher of (a) S\$0.015, or (b) 90% of the VWAP for trades done on a market day immediately preceding the day on which the relevant shares are to be issued, but will not, in any event, represent a discount of more than 10% of the prevailing market price of the underlying shares before conversion.
- (11) The premium/(discount) of the conversion price over VWAP prior to announcement is not meaningful, as the effective conversion price is based on a formula as explained above. For illustration purposes, the lowest theoretical conversion price of S\$0.015 represents a discount of 48.2% over the VWAP on 29 March 2021, being the last full market day on which the shares were traded preceding the date of the signing of the agreement on 30 March 2021. However, the effective conversion price will not, in any event, represent a discount of more than 10% of the prevailing market price of the underlying shares before conversion.
- (12) n.m. denotes not meaningful as the effective conversion price is based on a formula as explained above.
- (13) n.m. denotes not meaningful as OIO Holdings Limited was in a net tangible liabilities position as at 31 December 2020.
- (14) Based on the closing exchange rate of S\$1.00 : RMB 4.9402 on 31 December 2020.
- (15) Based on the conversion price of S\$0.07 and the VWAP of S\$0.038 on 22 February 2021, being the last full market day on which the shares were traded preceding the date of the announcement on 23 February 2021.
- (16) While the convertible bonds issued by SGX Treasury I Pte. Ltd., an indirect wholly-owned subsidiary of SGX-ST, are unsecured, the payments of all amounts by SGX Treasury I Pte. Ltd. under the convertible bonds are unconditionally and irrevocably guaranteed by SGX-ST.
- (17) The conversion price of S\$13.0944 was subsequently adjusted to S\$12.9025, following the approval of the shareholders of Singapore Exchange Limited for the final dividend of 8 cents per ordinary share for the financial year ended 30 June 2021. For the avoidance of doubt, our analysis herein had been calculated based on the conversion price of S\$13.0944.
- (18) Based on the conversion price of S\$13.0944 and the VWAP of S\$9.906 on 29 January 2021, being the last full market day on which the shares were traded preceding the date of the announcement of the proposed issue of convertible bonds on 1 February 2021.
- (19) Being a statistical outlier, Singapore Exchange Limited has been excluded from the computation of the mean and median conversion price-to-NTA ratios.
- (20) Medi Lifestyle Limited is formerly known as IEV Holdings Limited.
- (21) Based on the closing exchange rate of S\$1.00 : RM3.03410 on 30 September 2020.

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- (22) Assuming that the Company obtains its Shareholders' approval for the Proposed Extension of Conversion Rights, the Conversion Period will be revised up to 31 December 2022.
- (23) Based on the conversion price of S\$0.0567 and the VWAP of S\$0.0156 on 22 December 2021, being the last full market day on which the shares were traded prior to the date of the announcement on 23 December 2021.
- (24) Based on the Group's unaudited NTA per share of S\$0.0193 as at 30 September 2021.

We note that:

- (a) the premium of the Conversion Price over the VWAP of the Shares for trades done on the Last Market Day prior to the announcement of the Novation Agreement of 263.46% is (i) above the range of the Precedent Convertible Debt Transactions of between a discount of 35.06% and a premium of 84.21%, and (ii) above the corresponding mean and median premium of 7.85% and 0.88% of the Precedent Convertible Debt Transactions respectively;
- (b) the Conversion Price-to-NTA ratio as implied by the Conversion Price and the unaudited NTA per Share of the Group as at 30 September 2021 of 2.94 times is (i) within the range of corresponding conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of between 0.19 times and 23.60 times, and (ii) above the mean and median conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of 1.16 times and 0.89 times respectively, excluding any statistical outliers; and
- (c) the Profit Rate (i.e. interest) (as defined in the 2016 Master Murabaha Facility Agreement) of 6.5% per annum of the Master Murabaha Facility Agreement is within the range of corresponding interest rates of the Precedent Convertible Debt Transactions of between 0.0% and 10.0%. We also note the redemption terms of some of the Precedent Convertible Debt Transactions were more than 100% of the principal sum. Accordingly, the effective interest of these Precedent Convertible Debt Transactions would have been higher if these loans were redeemed at maturity.

### 5.4.4 Comparison with the Group's existing credit facilities and loans

The following table sets out a comparison of the interest rates between the Group's existing borrowings and as at the Latest Practicable Date pursuant to the Master Murabaha Facilities:

Type of Borrowings	Face Value as at 31 March 2021 (S\$)	Nominal Interest Rate per annum as at the Latest Practicable Date (%)	Security
Loans from financial institutions	38.29 million	3.4375 <sup>(1)(2)</sup>	Secured
<b>Master Murabaha Facilities</b>	<b>15.98 million</b>	<b>6.50</b>	<b>Secured</b>

Source: Annual report of the Company for FY2021 and Bloomberg L.P.

#### Notes:

- (1) Pursuant to the Debt Restructuring Agreement, the interest rate on the Group's existing credit facilities and loans, except for obligations under finance leases and loans from controlling shareholders, is equal to the aggregate of (a) applicable Margin, and (b) SIBOR, where the "Margin" means: (a) 3.00% per annum; or (b) in the event a member of the Group declares and pays a dividend to a shareholder, 6% per annum.
- (2) The SIBOR applied was 0.4375% as at 21 February 2022.

We note that the Profit Rate of the Master Murabaha Facilities of 6.5% per annum is higher than that of the Group's existing loans from financial institutions of approximately 3.44%, being the sum of SIBOR and 3.00%.

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As set out in section 3.4 of the Circular, we note that the interest payable<sup>1</sup> to Zheng Choon under the Master Murabaha Facility Agreements up to 31 March 2022 is approximately S\$393,904 and interest payable to Zheng Choon under the Master Murabaha Facility Agreements up to 30 June 2022 is approximately S\$792,185. We further note that after the Conversion Shares have been issued to Zheng Choon, all outstanding amounts under the Master Murabaha Facility Agreements shall immediately be reduced zero and the Company shall be released and discharged from its liabilities under the Master Murabaha Facility Agreements, including the obligation to pay interest to Zheng Choon under the Master Murabaha Facility Agreements.

We also note that the Master Murabaha Facilities has a conversion feature that allows the subscriber to convert the loan into ordinary shares of the Company, which has been novated to Zheng Choon pursuant to the Novation Agreement, a feature which the other existing credit facilities and loans do not have. Accordingly, any comparison made herein is strictly limited in scope.

### 5.5 Financial Effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares

For illustration purposes only, the financial effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares based on the audited financial statements of the Group for FY2021, assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the Zheng Choon to convert into Conversion Shares as of 31 March 2021, are set out in section 2.6 of the Circular.

The financial effects on the NTA and gearing of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 31 March 2021. The financial effects on the EPS of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 1 April 2020 as set out in section 2.6 of the Circular. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

We note the following:

(a) Share capital

The issued and paid-up share capital of the Group would increase from S\$79.8 million as at 31 March 2021 to S\$98.0 million after the Proposed Extension of the Conversion Rights and the completion of the Proposed Issue of the Conversion Shares;

(b) NTA per Share

The NTA per Share of the Group would increase significantly from 1.64 cents as at 31 March 2021 to 2.49 cents after the Proposed Extension of the Conversion Rights and the completion of the Proposed Issue of the Conversion Shares;

(c) Gearing

The gearing ratio of the Group would improve significantly from 2.99 times as at 31 March 2021 to 1.08 times after the Proposed Extension of the Conversion Rights and the completion of the Proposed Issue of the Conversion Shares; and

(d) Earnings per share ("EPS")

The EPS of the Group would decrease from 0.074 cents in FY2021 to 0.048 cents after the Proposed Extension of the Conversion Rights and the completion of the Proposed Issue of the Conversion Shares.

<sup>1</sup> As set out in section 3.4 of the Circular, as the respective interest payable to Zheng Choon does not exceed 5.0% of the Group's latest audited NTA, the interest payable to Zheng Choon is not an interested person transaction which is subject to the Shareholders' approval.



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As further set out in section 3.6 of the Circular, we note that the allotment and issuance of the Conversion Shares by the Company to Zheng Choon under the Proposed Issue of the Conversion Shares is in lieu of cash repayment by the Company to the New Lender of the Conversion Amount, being S\$18,198,068.94 as of 31 March 2022, due and owing under the Master Murabaha Facility Agreements.

The Proposed Issue of the Conversion Shares will also reduce the Company's loans and borrowings (including lease liabilities) as at 30 September 2021 of approximately S\$52,321,000 to S\$36,346,000. It will also strengthen the Group's balance sheet and improve its debt-equity position. We note that the Board is of the opinion that the successful completion of the Proposed Issue of the Conversion Shares would allow the Group to apply more of its cash flow towards its ongoing business operations and other opportunities and repayment of the reduced borrowings.

Shareholders should note that the financial effects analysis does not purport to be an indication or a projection or an estimate of the financial results and financial position of the Group after the Proposed Extension of the Conversion Rights and the completion of the Proposed Issue of the Conversion Shares.

### 5.6 Other Relevant Considerations

#### 5.6.1 Dilution impact to the Non-Interested Shareholders

As at the Latest Practicable Date, Zheng Choon holds in aggregate 588,319,000 Shares representing 49.65% of the issued share capital of the Company. The shareholding interests of Zheng Choon (a) as at the Latest Practicable Date, and (b) Zheng Choon exercising its Conversion Right on all the Conversion Shares, are set out as follows:

	As at the Latest Practicable Date (Direct Interest)		Assuming that Zheng Choon exercises all of its Conversion Rights under the 31 March 2022 Maximum Issuance of Conversion Shares scenario (Direct Interest) <sup>(1)</sup>		Assuming that Zheng Choon exercises all of its Conversion Rights under the 30 June 2022 Maximum Issuance of Conversion Shares scenario (Direct Interest) <sup>(2)</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Zheng Choon <sup>(3)</sup>	588,319,000	49.65	909,272,597	60.39	911,379,903	60.44
Toh Choo Huat <sup>(3)</sup>	794,000	0.07	794,000	0.05	794,000	0.05
Toh Swee Kim <sup>(3)</sup>	220,000	0.02	220,000	0.01	220,000	0.02
Non-Interested Shareholders	595,480,992	50.26	595,480,992	39.55	595,480,992	39.49
<b>Total</b>	<b>1,184,813,992</b>	<b>100.00</b>	<b>1,505,767,589</b>	<b>100.00</b>	<b>1,507,874,895</b>	<b>100.00</b>

#### Notes:

- (1) On the assumption that the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon under the 31 March 2022 Maximum Issuance of Conversion Shares scenario detailed in section 2.1 of the Circular, i.e. 320,953,597 Conversion Shares will be issued and allotted to Zheng Choon.
- (2) On the assumption that the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by Zheng Choon under the 30 June 2022 Maximum Issuance of Conversion Shares scenarios detailed in section 2.1 of the Circular, i.e. 323,060,903 Conversion Shares will be issued and allotted to Zheng Choon.
- (3) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon. Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Swee Kim is deemed interested in the Shares held by Zheng Choon. Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon. As such, Mr Toh Chew Leong is deemed interested in the Shares held by Zheng Choon. Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Chew Chai is deemed interested in the Shares held by Zheng Choon. Mr Toh Chew Leong and Mr Toh Chew Chai do not hold a direct interest of the Shares as at the Latest Practicable Date. Mr Toh Choo Huat, Mr Toh Swee Kim, Mr Toh Chew Leong and Mr Toh Chew Chai are brothers (collectively, the "Zheng Choon Shareholders").

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In the event that Zheng Choon exercises all of its Conversion Rights under the 31 March 2022 Maximum Issuance of Conversion Shares scenario as detailed in section 2.1 of the Circular, we note that the aggregate shareholding interest of Zheng Choon would increase from 49.65% as at the Latest Practicable Date to 60.39% following the issue of the Conversion Shares to Zheng Choon. Correspondingly, we note that the aggregate shareholding interest of the Non-Interested Shareholders could potentially be diluted from 50.26% to 39.55% following the issue of the Conversion Shares to Zheng Choon.

In the event that Zheng Choon exercises all of its Conversion Rights under the 31 June 2022 Maximum Issuance of Conversion Shares scenario as detailed in section 2.1 of the Circular, we note that the aggregate shareholding interest of Zheng Choon would increase from 49.65% as at the Latest Practicable Date to 60.44% following the issue of the Conversion Shares to Zheng Choon. Correspondingly, we note that the aggregate shareholding interest of the Non-Interested Shareholders could potentially be diluted from 50.26% to 39.49% following the issue of the Conversion Shares to Zheng Choon.

In view of the above, we note that Zheng Choon will still remain as the single largest shareholding block in the Company.

Further, as set out in section 3.8 of the Circular, as Zheng Choon and its concert parties collectively held 50.1% of the Company prior to the Novation Agreement, the conversion of the amounts outstanding under the Master Murabaha Facility Agreements into the Conversion Shares (i) as at 31 March 2022 (which will bring the interests of Zheng Choon from 49.65% to 60.39%, and Zheng Choon and its concert parties from 50.1% to 60.74% respectively); and (ii) as at 30 June 2022 (which will bring the interests of Zheng Choon from 49.65% to 60.44%, and Zheng Choon and its Concert Parties from 50.1% to 60.79% respectively), will not require Zheng Choon and/or its concert parties to make a takeover offer pursuant to Rule 14.1 of The Singapore Code on Take-Overs and Mergers. Further details are set out in section 3.8 of the Circular and Shareholders are advised to read the information carefully.

### 5.6.2 Implications of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares

As set out in section 2.1 of the Circular, Shareholders should note that the indebtedness under the Master Murabaha Facility Agreements is repayable on 31 December 2022 whether or not Shareholders' approval for the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares is obtained. In the event that such Shareholders' approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facility Agreements on 31 December 2022 and Zheng Choon will not have the right to convert the Conversion Amount into Conversion Shares. The indebtedness which will be payable by the Company to the New Lender is equivalent to the total outstanding amount (inclusive of the Total Deferred Sale Price and Total Periodic Profit Amount) of S\$18,074,916.38 as at 31 December 2021, as novated to Zheng Choon pursuant to the Novation Agreement, and the accrued interest as at the date of repayment, if any.

Further, as set out in section 1.1 of the Circular, Shareholders should note that the passing of resolutions in relation to each of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares are inter-conditional. As such, if any one of the resolutions is not passed, the remaining resolution would not be carried.

### 5.6.3 Refinancing Alternatives

As set out in section 3.5 of the Circular, we note that rationale for the Novation Agreement was that IB Asia wished to sell the obligations and benefits under the Master Murabaha Facility Agreements. As IB Asia and/or the Company were unable to procure suitable third party buyers, IB Asia approached Zheng Choon and both parties agreed to enter into the Novation Agreement. It was further set out that consideration of S\$4,500,000 for the Novation Assets was a commercial decision between IB Asia and Zheng Choon on a willing buyer-willing seller basis, taking into account the prevailing market price of the shares of the Company during the negotiations between IB Asia and Zheng Choon.

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We also understand that Management had considered and concluded that there were no other viable refinancing alternatives available to the Group which were more favourable compared with the Proposed Issue of the Conversion Shares (undertaken in connection with the Proposed Extension of Conversion Rights pursuant to the Master Murabaha Facility Agreements, arising from the novation of the Novation Assets from IB Asia to Zheng Choon under the Novation Agreement entered into between the Company, Zheng Choon and IB Asia), in view of the Group's existing borrowings, gearing and the current Debt Restructuring Exercise.

The Management had also considered that in the absence of the Proposed Issue of the Conversion Shares pursuant arising from the Novation Agreement, the indebtedness under the 2016 Master Murabaha Facility Agreements would have been repayable to IB Asia on 31 March 2021, which is further extended to 31 December 2021 pursuant to the First Supplemental Deed, prior to the entry of the Novation Agreement on 23 December 2021.

### 5.6.4 Voting abstentions

We note that as set out in section 8 of the Circular, *inter alia*:

- (a) Zheng Choon and the Zheng Choon Shareholders shall abstain, and shall procure that its/his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on all resolutions to be proposed at the EGM; and
- (b) Zheng Choon and the Zheng Choon Shareholders shall not, and shall procure its/his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of all resolutions unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

Accordingly, the approval of the Proposed Extension of Conversion Rights and Proposed Issue of the Conversion Shares would be subject entirely to the approval of the Non-Interested Shareholders.

### 5.6.5 No assurance of improvement to the Group's financial position and performance or enhancement of shareholder value

Shareholders should note that there is no assurance that the Proposed Transactions and/or steps taken or to be taken by the Company subsequent to the Proposed Transactions to improve its financial position and performance will be successful or would result in an enhancement of shareholder value.

## 6. OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Interested Person Transaction, we have taken into account the following key considerations:

- (a) the rationale for the entry into the Novation Agreement;
- (b) the rationale for the Proposed Issue of the Conversion Shares;
- (c) the historical financial performance and condition of the Group, as detailed in paragraph 5.3 of this letter;
- (d) the reasonableness of the terms of the Master Murabaha Facility Agreements, including the Proposed Issue of the Conversion Shares, as detailed in paragraph 5.4 of this letter;
- (e) the financial effects of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares, as detailed in paragraph 5.5 of this letter; and

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## APPENDIX 2

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- (f) other relevant considerations as follows:
  - (i) the dilution impact to the Non-Interested Shareholders;
  - (ii) the implications of the Proposed Extension of Conversion Rights and the Proposed Issue of the Conversion Shares;
  - (iii) the refinancing alternatives available to the Group;
  - (iv) the voting abstentions by Zheng Choon; and
  - (v) there being no assurance of improvement to the Group's financial position and performance or enhancement of shareholder value after the completion of Proposed Transactions.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that the Proposed Issue of the Conversion Shares as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders. Accordingly, we advise the Audit Committee to recommend that the Non-Interested Shareholders to vote in favour of the Proposed Issue of the Conversion Shares as an Interested Person Transaction.

Our opinion and advice are addressed to the Audit Committee for the purposes of the Interested Person Transaction. The recommendation to be made by the Audit Committee to the Non-Interested Shareholders shall remain the responsibility of the Audit Committee. Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the Interested Person Transaction.

Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**SAC CAPITAL PRIVATE LIMITED**

Bernard Lim  
Executive Director

Tan Kian Tiong  
Partner

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198700318G)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Ley Choon Group Holdings Limited (the “**Company**”) will be held by way of electronic means on 25 March 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolutions.

This Notice has been made available on SGXNet and the Company’s website at the URL <https://www.leychoon.com> and may also be accessed at the URL <https://conveneagm.com/sg/leychoon>. A printed copy of this Notice will NOT be despatched to members.

**Shareholders should note that the passing of Ordinary Resolutions 1 and 2 as set out below are inter-conditional. As such, if any one of Ordinary Resolutions 1 or 2 is not passed, the remaining Ordinary Resolution would not be carried.**

#### ORDINARY RESOLUTION 1 –THE PROPOSED EXTENSION OF CONVERSION RIGHTS

IT IS RESOLVED THAT:

- (a) that the supplementary deed dated 7 January 2022 entered into between the Company and Zheng Choon Holding Pte. Ltd. (the “**Second Supplemental Deed**”), which further amends the four (4) murabaha facility agreements entered into between the Company and The Islamic Bank of Asia Limited dated 11 October 2016 (as previously amended by the first supplemental deed dated 31 May 2021 and novated by the novation agreement dated 23 December 2021) (the “**Master Murabaha Facility Agreements**”), be and are hereby approved, confirmed and ratified;
- (b) in connection with the Second Supplemental Deed, approval be and is hereby given to the Directors to do all such acts and things, and sign and execute all such documents and instruments (whether by hand or seal) as may be necessary to give effect to the Second Supplemental Deed to which the Company is a party including, without limitation, the Conversion Rights (as defined in the Master Murabaha Facility Agreements); and
- (c) the Directors of the Company and each of them be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they or he may deem desirable, necessary or expedient to give effect to the matters referred to in paragraph (a) including, without limitation, to negotiate, execute and authorise the release of, in the name of and on behalf of the Company, all such agreements, deeds, undertakings, forms, circulars, announcements, instruments, notices, communications and other documents and things, and to approve any amendment, alteration or modification to any such document.

#### ORDINARY RESOLUTION 2 – THE PROPOSED ISSUE OF THE CONVERSION SHARES

IT IS RESOLVED THAT:

- (a) in connection with the Master Murabaha Facility Agreements, approval be and is hereby given:
  - (i) to allot and issue such number of Conversion Shares (as defined in the Master Murabaha Facility Agreements) at the Conversion Price (as defined in the Master Murabaha Facility Agreements and subject to adjustments in accordance with the terms of the Master Murabaha Facility Agreements) as may be required or permitted to be allotted and issued upon any exercise of the Conversion Rights during the Conversion Period (as defined in the Master Murabaha Facility Agreements), subject to and otherwise in accordance with the terms of the Master Murabaha Facility Agreements; and
  - (ii) on the same basis as paragraph (a)(i) above, such further Conversion Shares as may be required or permitted to be allotted and issued upon any exercise of the Conversion Rights upon the adjustment of the Conversion Price in accordance with the terms of the Master Murabaha Facility Agreements,

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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which constitutes an interested person transaction under the Catalist Rules; and

- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents (whether by hand or seal) as may be advisable, necessary or expedient for the purposes of giving effect to this resolution, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Master Murabaha Facility Agreements.

### BY ORDER OF THE BOARD

Toh Choo Huat  
Executive Chairman and Chief Executive Officer  
10 March 2022

#### Notes:

1. Terms and expressions not defined herein but which are defined in this Circular shall have the same meanings when used herein.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance or “live” at the EGM and/or voting “live” by the member or by proxy or by appointing the Chairman of the EGM as proxy at the Extraordinary General Meeting (“EGM”) are set out in the Company’s announcement dated 10 March 2022 entitled “Important Notice to Shareholders Regarding the Company’s Extraordinary General Meeting on 25 March 2022” which has been uploaded together with this Notice of EGM on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.leychoon.com>.

In particular, the EGM will be held by way of electronic means and a member will be able to watch the proceedings of the EGM through a “live” webcast or listen to these proceedings through a “live” audio feed via his/her/its mobile phones, tablets or computers. In order to do so, a member who wishes to watch the “live” webcast or listen to the “live” audio feed must pre-register by 2.00 p.m. on 22 March 2022, at the URL <https://conveneagm.com/sg/leychoon>, to create an account and enable the Company to verify their members’ status. Following authentication of their status as members, authenticated members will receive an email on their authentication status by 24 March 2022 and will be able to watch the “live” webcast or listen to the “live” audio feed using the account created. Members who have received the email must not forward the email to other persons who are not members or who are not entitled to attend the EGM. This is to avoid any technical disruption or overload to the “live” webcast or “live” audio feed. Shareholders who do not receive an email by 2.00 p.m. on 24 March 2022, but who have registered by the deadline of 2.00 p.m. on 22 March 2022, should contact the Company at the following email address: [support@conveneagm.com](mailto:support@conveneagm.com).

Non-CPF/SRS holders whose shares are registered under Depository Agents (“DAs”) must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to watch the EGM proceedings through a “live” webcast or listen through a “live” audio feed.

Corporate shareholders must also submit the Corporate Representative Certificate at [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com), in addition to the registration procedures as set out in the paragraphs above, by 2.00 p.m. on 22 March 2022, for verification purposes.

A member may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by 2.00 p.m. on 22 March 2022:

- (a) via the pre-registration website at the URL <https://conveneagm.com/sg/leychoon>;
- (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556; or
- (c) by email to [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member’s full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member’s NRIC/Passport/UEN number;
- (c) the member’s contact number and email address; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from members either before or during the EGM.

3. Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to ask questions “live” at the EGM must first pre-register at the pre-registration website at the URL <https://conveneagm.com/sg/leychoon>.

Shareholders and proxyholders who pre-registered and are verified to attend the EGM will be able to ask questions relating to the agenda of the EGM by clicking the “Ask a Question” feature and then clicking the “Queue for Video call” via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audiovisual or audio means during the EGM within a certain prescribed time limit.

4. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:

- (a) (where the member is an individual) vote “live” via electronic means at the EGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on his/her/its behalf; or
- (b) (where the member is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

The accompanying proxy form for the EGM may be accessed at the Company’s website at the URL <https://www.leychoon.com> and may also be accessed at the URL <https://conveneagm.com/sg/leychoon>, and has also been made available on SGXNet.

5. A proxy need not be a member of the Company. The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

- (a) if sent personally or by post, be deposited at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556;
- (b) if submitted by email, be received by the Company at [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com); or
- (c) if submitted digitally, be submitted at the URL <https://conveneagm.com/sg/leychoon>.

in either case, by no later than 2.00 p.m. on 22 March 2022, being not less than 72 hours before the time for holding the EGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

6. If sent personally or by post, the instrument appointing the proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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7. In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the The Central Depository (Pte) Limited to the Company.
8. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS investors, and who wish to participate in the EGM ("**Relevant Intermediary Participants**") by (a) watching and/or listening to the EGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 2 above; (b) submitting questions in advance of, or "live" at, the EGM in the manner provided in Note 2 above; and/or (c) voting at the EGM (i) "live"; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the EGM, i.e. by 2.00 p.m. on 18 March 2022 in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf not less than 72 hours before the time for holding the EGM.
9. The shareholders' circular in relation to the proposed resolutions may be accessed at the Company's website at the URL <https://www.leychoon.com>. The shareholders' circular has also been made available on SGXNet.
10. By attending the EGM and/or any adjournment thereof, submitting an instrument appointing a proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy and the participation of Relevant Intermediary Participants for the EGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of Relevant Intermediary Participants to the Company (or its agents), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents) of the personal data of such Relevant Intermediary Participants for the Purposes.
11. For further information on the conduct of the EGM and the alternative arrangements, shareholders can refer to the following URL <https://conveneagm.com/sg/leychoon>.

**IMPORTANT REMINDER:** The Company would remind shareholders that, with the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its EGM arrangements at short notice. Shareholders should check the above URL and SGXNet for updates on the EGM.

The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to hold its EGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.



## PROXY FORM

### LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 198700318G)

This form of proxy has been made available on SGXNet and the Company's website at the URL <https://www.leychoon.com> and may also be accessed at the URL <https://conveneagm.com/sg/leychoon>. A printed copy of this form of proxy will NOT be despatched to members.

#### IMPORTANT:

- Alternative arrangements relating to, among others, attendance, submission of questions in advance or "live" at the EGM and/or voting "live" by the member or by proxy or by appointing the Chairman of the EGM as proxy at the Extraordinary General Meeting ("EGM") are set out in the Company's announcement dated 10 March 2022 entitled "Important Notice to Shareholders Regarding the Company's Extraordinary General Meeting on 25 March 2022" which has been uploaded together with the Notice of EGM dated 10 March 2022 on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.leychoon.com>.
- A member will not be able to attend the EGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:
  - (where the member is an individual) vote "live" via electronic means at the Extraordinary General Meeting, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote "live" via electronic means at the Extraordinary General Meeting on his/her/its behalf; or
  - (where the member is an individual or a corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the EGM, i.e. by 2.00 p.m. on 18 March 2022.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (Registration No./NRIC/Passport No.)  
of \_\_\_\_\_ (Address)

being a member/members of Ley Choon Group Holdings Limited (the "Company") hereby appoint:

Name	Address	Email Address <sup>^</sup>	NRIC/Passport Number	Proportion of Shareholdings	
				No. of Shares	%
and/or *					

<sup>^</sup> Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted proxy form) to pre-register at the pre-registration website which is accessible from the URL <https://conveneagm.com/sg/leychoon> in order to access the "live" audio-visual webcast or "live" audio-only stream of the Extraordinary General Meeting proceedings.

the Chairman of the Extraordinary General Meeting (the "EGM")\* as my/our proxy to attend and vote for me/us on my/our behalf at the EGM of the Company, to be held by way of electronic means on Friday, 25 March 2022 at 2.00 p.m., and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for or against, or abstain from voting on the Resolutions to be proposed at the EGM as indicated hereunder. If no specific directions as to the manner of voting, or abstentions from voting, are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as proxy for that Resolution will be treated as invalid.

**Shareholders should note that the passing of Ordinary Resolutions 1 and 2 as set out below are inter-conditional. As such, if any one of Ordinary Resolutions 1 or 2 is not passed, the remaining Ordinary Resolution would not be carried.**

No.	Ordinary Resolutions Relating To:	For	Against	Abstain
1.	Approval of the Proposed Extension of Conversion Rights			
2.	Approval of the Proposed Issue of the Conversion Shares			

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" from voting on, the relevant Resolution, please mark a "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Signature of Shareholder(s) and/or Common Seal

**Important: Please read notes overleaf**

\* Delete as appropriate.

Total number of Shares held

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## PROXY FORM

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### Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. A member will not be able to attend the EGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:
  - (a) (where the member is an individual) vote "live" via electronic means at the EGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the EGM on his/her/its behalf; or
  - (b) (where the member is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy(ies) must:
  - (a) if sent personally or by post, be deposited at the Company's Registered Office at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556;
  - (b) if submitted by email, be received by the Company at [egmfy22@leychoon.com](mailto:egmfy22@leychoon.com); or
  - (c) if submitted digitally, be submitted at the URL <https://conveneagm.com/sg/leychoon>,in either case, **by no later than 2.00 p.m. on 22 March 2022, being not less than 72 hours before the time set for the EGM**, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
5. If sent personally or by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

  - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
  - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
6. Where an instrument appointing a proxy(ies) is signed or, as the case may be, 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, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject any instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy(ies)). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.