

CIRCULAR DATED 10 APRIL 2018

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by mDR Limited (the “Company”, and together with its subsidiaries, the “Group”). **If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (“Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with the CDP, you should immediately forward this Circular, together with the notice of Extraordinary General Meeting and the accompanying Proxy Form (as defined herein) to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares (as defined herein), the Warrants (as defined herein) and the Warrant Shares (as defined herein) pursuant to the Rights cum Warrants Issue (as defined herein). The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.

YOUR ATTENTION IS DRAWN TO SECTION 8.7 ENTITLED “RISK FACTORS RELATING TO THE NEW BUSINESSES” WHICH YOU SHOULD REVIEW CAREFULLY AND COLLECTIVELY.



MDR Limited

MDR LIMITED

(Company Registration No. 200009059G)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 25,056,482,168 NEW ORDINARY SHARES IN THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.00188 FOR EACH RIGHTS SHARE (“ISSUE PRICE”) WITH UP TO 225,508,339,512 FREE DETACHABLE WARRANTS (“WARRANTS”), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (“WARRANT SHARE”) AT THE EXERCISE PRICE (AS DEFINED HEREIN) PER WARRANT SHARE, ON THE BASIS OF TWO (2) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD BY THE SHAREHOLDERS OF THE COMPANY AND NINE (9) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE VALIDLY SUBSCRIBED AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (“RIGHTS CUM WARRANTS ISSUE”);**
- (2) **THE PROPOSED WHITEWASH RESOLUTION (“WHITEWASH RESOLUTION”) FOR THE WAIVER OF RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE UNDERTAKING SHAREHOLDER (AS DEFINED HEREIN) FOR ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE UNDERTAKING SHAREHOLDER AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE; AND**
- (3) **THE PROPOSED DIVERSIFICATION OF THE GROUP’S CORE BUSINESSES TO INCLUDE THE NEW BUSINESSES (AS DEFINED HEREIN).**

Independent Financial Adviser in respect of the Whitewash Resolution



SAC CAPITAL PRIVATE LIMITED

(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

- | | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 25 April 2018 at 3:30 p.m. |
| Date and time of Extraordinary General Meeting | : | 27 April 2018 at 3:30 p.m. (or as soon as practicable immediately following the conclusion of the annual general meeting of the Company to be held at 2:00 p.m. on the same date and venue) |
| Place of Extraordinary General Meeting | : | Hilton Singapore, 581 Orchard Road, Panorama 1, Level 24, Singapore 238883 |

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DEFINITIONS

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

“Aggregated Transactions”	:	Has the meaning ascribed to it in Section 8.3(b) of this Circular
“ARE”	:	Application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Right cum Warrants Issue
“ARS”	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	:	Automated teller machine of a Participating Bank
“Audit Committee”	:	The audit committee for the time being of the Company
“Authority”	:	The Monetary Authority of Singapore
“Board” or “Directors”	:	The directors of the Company as at the date of this Circular
“Books Closure Date”	:	Subject to Shareholders’ approval of the Rights cum Warrants Issue, the time and date to be determined by the Directors, at and on which the Register of Members of the Company will be closed to determine the provisional allotment of Entitled Shareholders under the Rights cum Warrants Issue
“Cambridge Associates”	:	Has the meaning ascribed to it in Section 8.4 of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 10 April 2018
“Closing Date”	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares with Warrants under the Rights cum Warrants Issue
“Code”	:	The Singapore Code on Takeovers and Mergers, as amended or modified from time to time
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	:	mDR Limited
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time

“Concert Parties”	:	Parties acting in concert with the Undertaking Shareholder
“CPF”	:	The Central Provident Fund
“CPF Funds”	:	Has the meaning ascribed to it in Section 2.2 (Use of CPF Funds) of this Circular
“CPFIS Shareholders”	:	Has the meaning ascribed to it in Section 2.2 (Use of CPF Funds) of this Circular
“Current Core Businesses”	:	<p>The Group’s existing core businesses currently undertaken by the Company and its subsidiaries, being the businesses of:</p> <ul style="list-style-type: none"> (a) retail and distribution of products and services of telecommunication service providers, Singtel and M1, in Singapore; (b) retail and distribution of mobile devices, gadgets and lifestyle accessories in Singapore; (c) after-market services for mobile devices and consumer electronic goods in Singapore; and (d) digital inkjet printing for Point-Of-Sale and Out-Of-Home advertising solutions in Malaysia
“Deed Poll”	:	The deed poll to be executed by the Company constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warranholders
“EGM”	:	The extraordinary general meeting of Shareholders to be held on 27 April 2018, notice of which is set out on page N-1 of this Circular
“Entitled Depositors”	:	Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date, provided that such Entitled Depositors have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided CDP with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose share certificates are not deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Share Registrar as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided the Share Registrar with a registered address in Singapore no later than 5.00 pm. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date for the service of notices and documents

“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings per Share
“ERM Matrix”	:	Has the meaning ascribed to it in Section 8.6 of this Circular
“Excess Applications”	:	Applications by Entitled Shareholders of the Rights Shares with Warrants in excess of their provisional allotments of Rights Shares with Warrants
“Excess Rights Waiver”	:	<p>The waiver which the SIC granted on 13 October 2017 and 7 February 2018 of the requirement for the Undertaking Shareholder to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Code as a result of his subscription, and the Company’s allotment and issue, of excess Rights Shares and Warrants and the exercise in full of the Warrants arising therefrom, of up to:</p> <p>(a) 44.04% of the voting rights of the Company, based on the enlarged share capital of the Company, after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder does not exercise any of the Warrants; and</p> <p>(b) 84.64% of the voting rights of the Company, based on the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder exercises all of the Warrants,</p> <p>subject to the satisfaction of certain conditions as imposed by the SIC</p>
“Exercise Period”	:	<p>The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of:</p> <p>(a) in respect of the Tranche 1 Warrants, the six (6)-month period from the date of issue of the Warrants;</p> <p>(b) in respect of the Tranche 2 Warrants, the 18-month period from the date of issue of the Warrants; and</p> <p>(c) in respect of the Tranche 3 Warrants, the 36-month period from the date of issue of the Warrants,</p> <p>unless such date is a date on which the Register of Members and/or Register of Warranholders of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warranholders may be closed), subject to the terms and conditions of the Warrants as set out in the Deed Poll</p>

“Exercise Price”	:	<p>The price payable per Warrant Share upon the exercise of a Warrant which shall be at the following rates:</p> <p>(a) in respect of the Tranche 1 Warrants, S\$0.0010 per Warrant;</p> <p>(b) in respect of the Tranche 2 Warrants, S\$0.0011 per Warrant; and</p> <p>(c) in respect of the Tranche 3 Warrants, S\$0.0070 per Warrant,</p> <p>subject to certain adjustments in accordance with the terms and conditions of the Warrants as set out in the Deed Poll</p>
“Exercise Price Discounts”	:	Has the meaning ascribed to it in Section 2.3 (Exercise Price) of this Circular
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company of 12,528,241,084 Shares, as at the date of this Circular
“First Announcement”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“First Major Transaction”	:	Has the meaning ascribed to it in Section 8.3(b) of this Circular
“First Minimum Subscription Scenario”	:	Has the meaning ascribed to it in Section 2.6(ii) of this Circular
“Foreign Purchasers”	:	Persons purchasing the provisional allotment of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are outside Singapore
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who had not provided CDP or the Share Registrar, as the case may be, with a registered address in Singapore no later than 5.00 pm. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date for the service of notices and documents
“FY”	:	Financial year ended, or ending, as the case may be, on 31 December
“Group”	:	The Company and its subsidiaries
“IFA”	:	SAC Capital Private Limited, the independent financial adviser to the Independent Directors in relation to the Whitewash Resolution
“IFA Letter”	:	The letter dated 10 April 2018 from the IFA to the Independent Directors in relation to the Whitewash Resolution as set out in Appendix A to this Circular

“Independent Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Independent Shareholders in respect of the Whitewash Resolution, being Mr. Mark Leong Kei Wei, Mr. Oei Su Chi, Ian and Mr. Lai Yew Fei
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of voting on the Whitewash Resolution
“Investment Business”	:	The investment business, which is described in Section 8.2.2 of this Circular
“Irrevocable Undertaking”	:	The irrevocable undertaking dated 12 December 2017, which has been given by the Undertaking Shareholder to the Company to, amongst others, subscribe and pay for all his entitlement of 5,206,743,640 Rights Shares with Warrants under the Rights cum Warrants Issue by the Closing Date
“Issue Price”	:	The issue price of S\$0.00188 per Rights Share
“Issue Price Discount”	:	Has the meaning ascribed to it in Section 2.2 (Discount) of this Circular
“Latest Practicable Date”	:	27 March 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time
“Major Transaction”	:	Has the meaning ascribed to it in Section 8.3 of this Circular
“Mandatory Offer”	:	Has the meaning ascribed to it in Section 5 of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Subscription Scenario”	:	Has the meaning ascribed to it in Section 2.6(i) of this Circular
“Mr. Lee”	:	Has the meaning ascribed to it in Section 8.4 of this Circular
“Net Proceeds”	:	Has the meaning ascribed to it in Section 2.8 of this Circular
“New Businesses”	:	The Property Business and the Investment Business
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-6 of this Circular
“NTA”	:	Net tangible assets
“Offer Information Statement” or “OIS”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS and all other accompanying documents including, where the context so admits, any supplementary or replacement document to be issued by the Company and lodged with

	:	the Authority in connection with the Rights cum Warrants Issue
“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants of such Entitled Scripholders under the Rights cum Warrants Issue
“Participating Banks”	:	The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing the “nil-paid” rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and applications for excess Rights Shares with Warrants, as the case may be, to be made under the Rights cum Warrants Issue
“Policy”	:	Has the meaning ascribed to it in Section 8.6 of this Circular
“Property Business”	:	The property business, which is described in Section 8.2.1 of this Circular
“Property Related Assets”	:	Has the meaning ascribed to it in Section 8.2.1(a) of this Circular
“Property Verification”	:	Has the meaning ascribed to it in Section 2.4(v)(2)(b) of this Circular
“Proposed Diversification”	:	The proposed diversification of the Group’s Current Core Businesses to include the New Businesses
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with CDP or the Share Registrar or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	Register of members of the Company
“Register of Warranholders”	:	Register of warranholders of the Company
“Resolutions”	:	The resolutions to be passed by Shareholders at the EGM as set out in the Notice of EGM
“Rights and Warrants Expiry Timeline”	:	Has the meaning ascribed to it in Section 2.4(v)(1) of this Circular
“Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights cum warrants issue by the Company of up to 25,056,482,168 Rights Shares at the Issue Price of S\$0.00188 per Rights Share with up to 225,508,339,512 free detachable Warrants, each Warrant carrying the right to subscribe for

		one (1) Warrant Share at the Exercise Price per Warrant Share, on the basis of two (2) Rights Share for every one (1) Share held by Entitled Shareholders as at the Books Closure Date and nine (9) Warrants given with every one (1) Rights Share subscribed, fractional entitlements to be disregarded
“Rights Shares”	:	Up to 25,056,482,168 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue (which does not include, for the avoidance of any doubt, the Warrant Shares)
“Second Announcement”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Second Minimum Subscription Scenario”	:	Has the meaning ascribed to it in Section 2.6(iii) of this Circular
“Second Minimum Subscription Scenario Net Proceeds”	:	Has the meaning ascribed to it in Section 8.5 of this Circular
“Securities Account”	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“SLA”	:	Singapore Land Authority
“Substantial Shareholder”	:	A person who holds directly and/or indirectly five per cent. (5.0%) or more of the total issued share capital of the Company
“Third Announcement”	:	The announcement made by the Company on SGXNET on 12 December 2017 in relation to the Rights cum Warrants Issue
“Tranche 1 Warrants”	:	Up to 75,169,446,504 free Warrants, each Warrant

	carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0010 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Tranche 2 Warrants”	: Up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0011 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Tranche 3 Warrants”	: Up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0070 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Transferor”	: Has the meaning ascribed to it in Section 2.3 (Transfer and transmission) of this Circular
“Transfer Form”	: Has the meaning ascribed to it in Section 2.3 (Transfer and transmission) of this Circular
“Undertaking Shareholder”	: Mr. Edward Lee Ewe Ming, a controlling Shareholder of the Company and who is also the Executive Chairman and Non-Independent Executive Director of the Company
“Warrant Agent”	: Boardroom Corporate & Advisory Services Pte. Ltd.
“Warrant Shares”	: Up to 225,508,339,512 new Shares to be allotted and issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms of the Warrants to be set out in the Deed Poll
“Warrantholders”	: Registered holders of Warrants, except that where the registered holder is CDP, the term “Warrantholders” shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
“Warrants”	: Up to 225,508,339,512 free detachable warrants in registered form comprising the Tranche 1 Warrants, the Tranche 2 Warrants and the Tranche 3 Warrants, to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue, and where the context so admits, such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank <i>pari passu</i> with the warrants to be issued together with the Rights Shares

and for all purposes to form part of the same series of warrants constituted by the Deed Poll), subject to the terms and conditions to be set out in the Deed Poll, each warrant entitling the holder thereof to subscribe for one (1) Warrant Share at the applicable Exercise Price

- “Whitewash Resolution”** : The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a mandatory general offer from the Undertaking Shareholder for all the issued Shares not already owned or controlled by him, as a result of his subscription of his *pro rata* entitlement of the Right Shares with Warrants and any excess Rights Shares with Warrants, and Warrant Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue
- “Whitewash Waiver”** : The waiver which the SIC granted on 5 September 2017 and 7 February 2018 of the requirement for the Undertaking Shareholder to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Code as a result of his subscription of his *pro rata* entitlement of the Right Shares with Warrants, and Warrant Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue, subject to the satisfaction of certain conditions as imposed by the SIC
- “%” or “per cent.”** : Percentage or per centum
- “S\$” and “cents”** : Singapore dollars and cents, respectively

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in section 81SF of the SFA. The term **“subsidiary”** shall have the same meaning ascribed to it in section 5 of the Companies Act.

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

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

The words **“written”** and **“in writing”** include, where the context requires, any means of visible reproduction.

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

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility and does not undertake any obligation to update publicly or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

MDR LIMITED

(Company Registration No. 200009059G)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

Board of Directors

Mr. Edward Lee Ewe Ming (Executive Chairman and Non-Independent Executive Director)
Mr. Ong Ghim Choon (Chief Executive Officer and Non-Independent Executive Director)
Mr. Mark Leong Kei Wei (Lead Independent Non-Executive Director)
Mr. Oei Su Chi, Ian (Independent Non-Executive Director)
Mr. Lai Yew Fei (Independent Non-Executive Director)
Ms. Zhang Yanmin (Non-Independent Non-Executive Director)

Registered Office:

53 Ubi Crescent
Singapore 408594

10 April 2018

To: The Shareholders of mDR Limited

Dear Sir/Madam

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 25,056,482,168 NEW ORDINARY SHARES IN THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.00188 FOR EACH RIGHTS SHARE WITH UP TO 225,508,339,512 FREE DETACHABLE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE, ON THE BASIS OF TWO (2) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD BY THE SHAREHOLDERS OF THE COMPANY AND NINE (9) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE VALIDLY SUBSCRIBED AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE UNDERTAKING SHAREHOLDER FOR ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE UNDERTAKING SHAREHOLDER AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE; AND**
- (3) **THE PROPOSED DIVERSIFICATION OF THE GROUP'S CORE BUSINESSES TO INCLUDE THE NEW BUSINESSES.**

1. INTRODUCTION

The Directors are convening an EGM to be held at Hilton Singapore, 581 Orchard Road, Panorama 1, Level 24, Singapore 238883 on 27 April 2018 at 3:30 p.m. (or as soon as practicable immediately following the conclusion of the annual general meeting of the Company to be held at 2:00 p.m. on the same date and venue) to seek Shareholders' approval for the following proposals:

- (a) the allotment and issue of the Rights Shares, the Warrants and the Warrant Shares and the Rights cum Warrants Issue;

- (b) the Whitewash Resolution; and
- (c) the Proposed Diversification.

This Circular has been prepared to provide Shareholders with information relating to the proposals, which will be tabled at the EGM, notice of which is set out on page N-1 of this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular. Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares pursuant to the Rights cum Warrants Issue. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.

2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Basis of the Rights cum Warrants Issue

On 11 August 2017, the Company announced ("**First Announcement**") that it was proposing to offer, on a renounceable non-underwritten basis, up to 100,225,928,672 new ordinary Shares at an issue price of S\$0.001 for each Share, with up to 300,677,786,016 free detachable warrants, each warrant carrying the right to subscribe for one (1) new ordinary Share at the relevant exercise price. Please refer to the First Announcement for further details.

On 25 October 2017, the Company announced ("**Second Announcement**") that the SGX-ST had informed the Company that its application to the SGX-ST for the listing and quotation of shares and warrants which were the subject of the proposed rights cum warrants issue in the First Announcement had been rejected. The Company had stated in the Second Announcement that it would re-consider the terms of the proposed rights cum warrants issue as announced in the First Announcement, and that the Company intended to proceed with the Proposed Diversification, subject to Shareholders' approval. Please refer to the Second Announcement for further details.

Further to the Second Announcement, on 12 December 2017, the Company announced that it is proposing to offer, on a renounceable non-underwritten basis, up to 25,056,482,168 Rights Shares at the Issue Price for each Rights Share, with up to 225,508,339,512 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price for each Warrant Share, on the basis of two (2) Rights Share for every one (1) existing Share held by the Entitled Shareholders and nine (9) Warrants for every one (1) Rights Share validly subscribed as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the Company's Existing Share Capital of 12,528,241,084 Shares as at the date of this Circular, the Company will issue up to 25,056,482,168 Rights Shares with up to 225,508,339,512 free Warrants.

2.2 Principal Terms of the Rights Shares

The principal terms of the Rights Shares are as set out below:

- Number of Rights Shares : Up to 25,056,482,168 Rights Shares (with up to 225,508,339,512 Warrants) will be issued.
- Basis of provisional allotment : Two (2) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, with nine (9) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements will be disregarded.
- Issue Price : S\$0.00188 for each Rights Share, payable in full on acceptance and/or application.
- Discount : The Issue Price represents a discount (“**Issue Price Discount**”) of approximately:
- (a) 62.40% to the last transaction price of S\$0.005 per Share on the Mainboard of the SGX-ST on 11 December 2017, being the last full trading day of the Shares immediately preceding the date of the Third Announcement; and
 - (b) 35.62% to the theoretical ex-rights price of S\$0.00292 per Share.
- Status of the Rights Shares : The Right Shares are payable in full upon acceptance and application. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date of which falls on or after the date of issue of the Rights Shares.
- Eligibility to participate in the Rights cum Warrants Issue : Please refer to Section 2.5 of this Circular for further details.
- Listing of the Rights Shares : Approval in-principle for the listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST has been granted by the SGX-ST on 23 March 2018, subject to certain conditions, details of which are set out in Section 2.4 of this Circular.
- The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.

Acceptance, excess application and payment procedures : Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the excess Rights Shares with Warrants.

Provisional allotments of Rights Shares with Warrants, which are not taken up or allotted for any reason shall be aggregated and allotted to satisfy Excess Applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares with Warrants, the Company will allocate the excess Rights Shares with Warrants in a manner deemed fit and appropriate, either proportionately based on (i) the shareholding of the Entitled Shareholders applying for excess Rights Shares with Warrants; or (ii) the number of excess Rights Shares with Warrants applied for by each Entitled Shareholder.

The allocation method will be decided based on the results of the Rights Shares with Warrants applications by the Directors after the Closing Date. Preference will be given to the rounding of odd lots, and Directors, and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for acceptance, payment and excess application by the Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess applications by the Entitled Scripholders will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course, subject to, *inter alia*, the Rights cum Warrants Issue being approved by the Shareholders at the EGM.

- Trading of the Rights Shares : Upon the listing and quotation of the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Shares will comprise of 100 Shares.
- Use of CPF Funds : Persons who have previously bought their Shares under the CPF Investment Scheme – Ordinary Account (“**CPFIS Shareholders**”) may use their CPF Ordinary Account savings (subject to the availability of investible savings) (“**CPF Funds**”) for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares with Warrants and/or apply for excess Rights Shares and Warrants.
- CPFIS Shareholders who wish to accept the provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the provisional allotments of Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with the terms and conditions of the OIS. In the case of insufficient CPF funds or stock limit, CPFIS Shareholders may top up cash into their CPF accounts before instructing their respective approved CPF agent banks to accept the Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants. Any application made directly to the CDP or through ATMs will be rejected. CPF Funds may not be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market.
- Irrevocable Undertaking : Please refer to Section 2.6 of this Circular for further details.
- Non-underwritten : The Rights cum Warrants Issue is non-underwritten.
- Fractional entitlements : Fractional entitlements to the Rights Shares with Warrants (if any) will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy Excess Applications for the Rights Shares with Warrants (if any), or be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.
- Governing law : Laws of Singapore.

2.3 Principal Terms of the Warrants

The principal terms of the Warrants are as set out below:

Number of Warrants : Up to 225,508,339,512 Warrants will be issued free together with the Rights Shares subscribed.

Basis of provisional allotment : Nine (9) free Warrants for every one (1) Rights Share subscribed as at the Books Closure Date, comprising:

(a) three (3) Tranche 1 Warrants;

(b) three (3) Tranche 2 Warrants; and

(c) three (3) Tranche 3 Warrants,

for every one (1) Rights Share validly subscribed for by the Entitled Shareholders, fractional entitlements to be disregarded.

Detachability and trading : The Warrants will be detached from the Rights Shares upon issue and will be listed and traded separately on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Official List of SGX-ST, subject to, *inter alia*, a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Listing of the Warrants and the Warrant Shares : Approval in-principle for the listing of and quotation for the Rights Shares, the Warrants and the Warrants Shares on the Mainboard of the SGX-ST has been granted by the SGX-ST on 23 March 2018, subject to certain conditions, details of which are set out under Section 2.4 of this Circular.

Under Rule 826 of the Listing Manual, it is provided that as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants for a sufficient spread of holdings of the warrants to provide for an orderly market in the trading of the warrants. **In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants because such condition is not met for any reason in respect of any Warrants issued, Warrant holders should note that they will not be able to trade their Warrants on the SGX-ST.**

The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights

cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries.

Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) Warrant Share at the Exercise Price in force on the relevant exercise date of the Warrants.

Exercise Price : The price payable per Warrant Share upon the exercise of a Warrant shall be at the following rates:

- (a) in respect of the Tranche 1 Warrants, S\$0.0010 per Warrant;
- (b) in respect of the Tranche 2 Warrants, S\$0.0011 per Warrant; and
- (c) in respect of the Tranche 3 Warrants, S\$0.0070 per Warrant,

which price will be subject to adjustments under certain circumstances to be set out in the Deed Poll. Subject to the Deed Poll, the Exercise Prices for the Tranche 1 Warrants, the Tranche 2 Warrants and the Tranche 3 Warrants represent a discount of approximately 80.00% and 78.00% (“**Exercise Price Discounts**”), and a premium of 40.00%, respectively, to the last transaction price of S\$0.005 per Share on the Mainboard of the SGX-ST on 11 December 2017, being the last full trading day of the Shares immediately preceding the date of the Third Announcement.

Exercise Period : The Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last date of:

- (a) in respect of the Tranche 1 Warrants, the six (6)-month period from the date of issue of the Warrants;
- (b) in respect of the Tranche 2 Warrants, the 18-month period from the date of issue of the Warrants; and
- (c) in respect of the Tranche 3 Warrants, the 36-month period from the date of issue of the

Warrants,

unless such date is a date on which the Register of Members and/or Register of Warranholders is/are closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warranholders or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Members and/or Register of Warranholders may be closed) and subject to the terms and conditions of the Warrants to be set out in the Deed Poll. Warrants remaining unexercised at the expiry of the relevant Exercise Period shall lapse and cease to be valid for any purpose.

The Company shall, not later than one (1) month before the expiry of the relevant Exercise Period, give notice to the Warranholders in accordance with the conditions set out in the Deed Poll.

Additionally, the Company shall, not later than one (1) month before the expiry of the relevant Exercise Period, take reasonable steps to notify the Warranholders in writing of the expiration date of the Warrants and such notice shall be delivered by post to the address of the Warranholder as recorded in the Register of Warranholders or, in the case of Warranholders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP.

Mode of payment for exercise of Warrants : Warranholders who exercise their Warrants must pay the applicable Exercise Price by way of:

- (a) remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company;
- (b) subject to the Warrants being listed on the Mainboard of the SGX-ST, by debiting the relevant Warranholder's CPF Investment Account (as defined in the Deed Poll) with the specified CPF Approved Bank (as defined in the Deed Poll), for the credit of the Special Account (as defined in the Deed Poll); or
- (c) subject to the Warrants being listed on the Mainboard of the SGX-ST, partly in the form of remittance stated in (a) above and/or partly by

debiting such Warrantholder's CPF Investment Account with his CPF Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/ or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the applicable Exercise Price payable in respect of the Warrant(s) exercised,

for the full amount of the applicable Exercise Price payable in respect of the Warrants exercised.

Adjustment to Exercise Price and/or the number of Warrants : The applicable Exercise Prices and/or the number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under certain circumstances provided for in the terms and conditions of the Warrants as set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of the Shares, capitalisation issues, rights issues and certain capital distributions.

Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

Please refer to Appendix B to this Circular for the provisions in connection with the adjustments to the applicable Exercise Prices and number of Warrants.

Status of Warrant Shares : The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date of which falls on or after the date of issue of the Warrant Shares, save as may be otherwise provided in the Deed Poll.

Modifications of the rights of the Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions of the Deed Poll, effect any modification to the terms and conditions of the Deed Poll, including the terms and conditions of the Warrants which, in the opinion of the Company, is:

(a) is not materially prejudicial to the interests of the Warrantholders;

- (b) of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of the Singapore law or the Listing Manual; or
- (c) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Warrant Shares arising from the exercise thereof or meetings of Warranholders in order to facilitate trading in or the exercise of Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on SGX-ST.

Any such modification shall be binding on the Warranholders and all persons having an interest in the Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warranholders in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration of the terms and conditions of the Warrants after the issue thereof to the advantage of the Warranholders and/or prejudicial to the Shareholders must be approved by the Shareholders at a general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll.

Transfer and transmission : The Warrants shall be transferable in lots entitling the Warranholder to subscribe for whole number of Warrant Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants to be set out in the Deed Poll including, *inter alia*, the following:

- (a) Warrants not registered in the name of CDP – a Warranholder whose Warrants are registered otherwise than in the name of CDP (the “**Transferor**”) shall lodge, during normal business hours on any Market Day so as to be received at the specified office of the Warrant Agent, the Transferor's Warrant certificate(s) together with an instrument of transfer (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance

with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to it;

- (b) Deceased Warrantheader – the executors or administrators of a deceased Warrantheader whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint Warrantheaders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of the deceased Warrantheader. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantheader could have made;
- (c) Warrants registered in the name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and
- (d) Effective date of transfer – A transferor or Depositor, as the case may be, shall be deemed to remain a Warrantheader until the name of the transferee is entered in the Register of Warrantheaders by the Warrant Agent or the Depository Register by CDP, as the case may be.

Winding-up

- : If a resolution is passed for a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the Warrantheaders shall be entitled, upon and subject to the terms and conditions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the

Company, elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the Warrant Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantheolders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warrantheolder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the applicable Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for all purposes.

- Further issues : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warrantheolders shall not have any participating rights in such further issues of Shares by the Company unless otherwise resolved by the Company at a general meeting.
- Use of CPF Funds : CPF members may use their savings in the CPF Ordinary Account (subject to the availability of investible savings) for the payment of the Exercise Price upon exercise of the Warrants (in which case the Warrant Shares arising therefrom will be held through the CPF Investment Account). CPF members are NOT permitted to use the CPF Funds to:
- (a) purchase the provisional allotments of Rights Shares with Warrants directly from the market; and/or
 - (b) purchase the Warrants directly from the market (the listing thereof subject to there being a sufficient spread of holdings).
- Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.
- Governing law : Laws of Singapore.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The extracts of the draft terms and conditions of the Warrants are set out in Appendix B of this Circular. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be lodged by the Company with the Authority and despatched to Entitled Shareholders in due course following the EGM, subject to, *inter alia*, the Rights cum Warrants Issue being approved by Shareholders at the EGM.

2.4 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue;
- (b) the Proposed Diversification, the Rights cum Warrants Issue and the issue of the Rights Shares with Warrants and the Warrants Shares being approved by Shareholders at the EGM; and
- (c) the lodgement of the OIS, together with all other accompanying documents (if applicable) with the Authority.

On 23 March 2018, the Company received approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) Shareholders' approval for the Rights cum Warrants Issue and the Proposed Diversification;
- (iii) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights cum Warrants Issue and from the exercise of the Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iv) a written undertaking from the Company that it will comply with the confirmation given under Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares;
- (v) a written undertaking from the Company that it will implement the internal controls as follows:
 - (1) on a quarterly basis until such time the entire proceeds from the issue of the Rights Shares and the exercise of the Warrants have been used up ("**Rights and Warrants Expiry Timeline**"), announce:
 - (a) the number of Tranche 1 Warrants, Tranche 2 Warrants and Tranche 3 Warrants that have been exercised;

- (b) the proceeds raised from the exercise of the Warrants; and
- (c) the status of the use of such proceeds,

together with a confirmation from the external auditors of the Company that the information set out in such announcement has been verified;

- (2) further, in relation to the use of proceeds the external auditors of the Company will, on a quarterly basis during the Rights and Warrants Expiry Timeline, verify:
 - (a) the cash balance in the designated bank account holding the proceeds from the Rights cum Warrants Issue (which will be a separate bank account), based on bank statement(s);
 - (b) for acquisitions and investments made pursuant to the Property Business, with the SLA the ownership of the land titles of the properties that the Company has acquired ("**Property Verification**") via SLA's online searches; and
 - (c) for investments made pursuant to the Investment Business, securities with the custodian banks that the Company holds its securities through, based on bank statement(s),

and notify the Audit Committee and the Board of the Company and the SGX-ST, if the SGX-ST so requires, of the results of such verification. The Company will announce the information that has been verified by the external auditors and if so required by the SGX-ST, release the reports prepared by the external auditors in respect of such verification; and

- (3) as an additional measure upon the commencement of the New Businesses, for withdrawals of amounts above S\$5.0 million, an Independent Director shall be one of the dual signatories. Also, for transactions of a quantum of above S\$10.0 million, such transaction shall be conditional upon the positive recommendation of the Audit Committee;
- (vi) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the shareholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings;
- (vii) for the listing and quotation of the Warrants, a written confirmation from the Company that there is a satisfactory spread of Warrantholders (at least 100) to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual;
- (viii) a written confirmation from the Company that the terms of the Warrants issue do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual; and
- (ix) a written undertaking from the Company that Rules 830 and 831 of the Listing Manual will be complied with.

The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Circular.

2.5 Eligibility of Shareholders to participate in the Rights cum Warrants Issue

2.5.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the OIS together with the AREs or PALs, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the OIS and AREs may obtain them from CDP during the period up to the Closing Date. Entitled Scripholders who do not receive the OIS and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with Warrants, and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, may only do so through CDP. Full details of the Rights cum Warrants Issue will be set out in the OIS to be despatched to Entitled Shareholders in due course.

All dealings in and transactions of the provisional allotments of Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

(a) Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

(b) Entitled Scripholders

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP at least 12 Market Days prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Shareholders should note that their Securities Accounts will only be credited with the Rights Shares with Warrants on the 12th Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Scripholders should also note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

2.5.2 Provisional Allotments and Excess Applications

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy Excess Applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority. The Company will not make any allotment and issue of Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders at a general meeting.

2.5.3 Foreign Shareholders

The Offer Information Statement, and its accompanying documents, relating to the Rights cum Warrants Issue will be lodged with the Authority. They have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. No provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefor by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Company reserves the right to reject any acceptances of the Rights Shares with Warrants and/or any Excess Application where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid or to decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) or which requires the Company to despatch the share certificate(s) for the Rights

Shares with Warrants to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty.

Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares with Warrants and for the applications for excess Rights Shares with Warrants, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to the Entitled Shareholders in due course.

2.6 Irrevocable Undertaking

As at the date of this Circular, the number of Shares and the percentage proportion in the issued and paid-up share capital of the Company of the Undertaking Shareholder is as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Edward Lee Ewe Ming	100	N.M. ⁽²⁾	2,603,371,720 ⁽³⁾	20.78

Notes:

- (1) Based on the Existing Share Capital as at the date of this Circular.
- (2) Not meaningful.
- (3) Mr. Edward Lee Ewe Ming is deemed interested in 2,603,371,720 Shares held via nominee and financial institutions.

The Undertaking Shareholder is also the Executive Chairman and Non-Independent Executive Director of the Company.

As an indication of his support and commitment to the Company and the Rights cum Warrants Issue, the Undertaking Shareholder has provided the Irrevocable Undertaking to the Company pursuant to which he has, subject to certain conditions, irrevocably undertaken to the Company that, among others:

- (a) as at the Books Closure Date, the number of Shares held by him will not be less than the number of Shares held by him on the date of the Irrevocable Undertaking;
- (b) he will vote in favour of the Rights cum Warrants Issue and the Proposed Diversification at the EGM (including an adjournment thereof) to approve, *inter alia*, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrant Shares and the Proposed Diversification;
- (c) he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for his *pro rata* entitlement to the Rights Shares with Warrants under

the Rights cum Warrants Issue in relation to Shares held by him as at the Books Closure Date; and

- (d) in the event that the Whitewash Resolution is not approved by Shareholders, he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for such number of Rights Shares with Warrants that will result in him holding not less than 29.0% but not exceeding 29.99% of the enlarged share capital of the Company immediately after the Rights cum Warrants Issue.

The Undertaking Shareholder had furnished a confirmation of his financial resources from a financial institution to the Company pursuant to the Irrevocable Undertaking.

For illustrative purposes only, depending on the level of subscription of the Rights cum Warrants Issue, the shareholdings of the Undertaking Shareholder and the other Shareholders after the completion of the Rights cum Warrants Issue is set out below:

- (i) Based on the Existing Share Capital of the Company, and assuming that all Entitled Shareholders subscribe in full for their entitlements, the Company will issue 25,056,482,168 Rights Shares and 225,508,339,512 Warrants (the “**Maximum Subscription Scenario**”):

	Number of Shares held as at the date of this Circular	Share-holding (%)	Rights entitlement to be subscribed for	Assuming none of the Warrants are exercised		Assuming all of the Warrants are exercised		Assuming only the Undertaking Shareholder exercised the Warrants	
				Number of Shares	Share-holding (%)	Number of Shares	Share-holding (%)	Number of Shares	Share-holding (%)
Edward Lee Ewe Ming	2,603,371,820 ⁽¹⁾	20.78	5,206,743,640	7,810,115,460	20.78	54,670,808,220	20.78	54,670,808,220	64.74
Other Shareholders	9,924,869,264	79.22	19,849,738,528	29,774,607,792	79.22	208,422,254,544	79.22	29,774,607,792	35.26
Total	12,528,241,084	100.0	25,056,482,168	37,584,723,252	100.0	263,093,062,764	100.0	84,445,416,012	100.0

Note:

- (1) Mr Edward Lee Ewe Ming is directly interested in 100 Shares and deemed interested in 2,603,371,720 Shares held via nominee and financial institutions.

- (ii) Based on the Existing Share Capital of the Company, and assuming that:
- (A) the Shareholders approve of the Whitewash Resolution; and
- (B) only the Undertaking Shareholder subscribes for his full *pro rata* entitlement under the Irrevocable Undertaking,

the Company will issue 5,206,743,640 Rights Shares and 46,860,692,760 Warrants (the “**First Minimum Subscription Scenario**”):

	Number of Shares held as at the date of this Circular	Share-holding (%)	Rights entitlement to be subscribed for	Assuming none of the Warrants held by the Undertaking Shareholder are exercised		Assuming all of the Warrants held by the Undertaking Shareholder are exercised	
				Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Edward Lee Ewe Ming	2,603,371,820 ⁽¹⁾	20.78	5,206,743,640	7,810,115,460	44.04	54,670,808,220	84.64
Other Shareholders	9,924,869,264	79.22	0	9,924,869,264	55.96	9,924,869,264	15.36
Total	12,528,241,084	100.0	5,206,743,640	17,734,984,724	100.0	64,595,677,484	100.0

Note:

(1) Mr Edward Lee Ewe Ming is directly interested in 100 Shares and deemed interested in 2,603,371,720 Shares held via nominee and financial institutions.

(iii) Based on the Existing Share Capital of the Company, and assuming that:

- (A) the Shareholders do not approve of the Whitewash Resolution; and
- (B) only the Undertaking Shareholder subscribes for such number of Rights Shares with Warrants that will result in him holding 29.0% of the enlarged share capital of the Company immediately after the Rights cum Warrants Issue,

the Company will issue 1,450,448,020 Rights Shares and 13,054,032,180 Warrants (the “**Second Minimum Subscription Scenario**”):

	Number of Shares held as at the date of this Circular	Shareholding (%)	Rights entitlement to be subscribed for	Assuming none of the Warrants held by the Undertaking Shareholder are exercised		Assuming some of the Warrants held by the Undertaking Shareholder are exercised ⁽²⁾	
				Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Edward Lee Ewe Ming	2,603,371,820 ⁽¹⁾	20.78	1,450,448,020	4,053,819,840	29.00	4,251,490,205	29.99
Other Shareholders	9,924,869,264	79.22	0	9,924,869,264	71.00	9,924,869,264	70.01
Total	12,528,241,084	100.0	1,450,448,020	13,978,689,104	100.0	14,176,359,469	100.0

Notes:

(1) Mr Edward Lee Ewe Ming is directly interested in 100 Shares and deemed interested in 2,603,371,720 Shares held via nominee and financial institutions.

(2) In this Second Minimum Subscription Scenario, the Undertaking Shareholder will be able to exercise 197,670,365 Warrants such that his aggregate shareholding interests after the exercise of such Warrants does not exceed 29.99%.

The Irrevocable Undertaking is conditional upon, among others, the following:

- (1) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST; and
- (2) the Rights cum Warrants Issue and the issue of the Rights Shares, the Warrants and the Warrant Shares being approved by Shareholders at the EGM.

Subscription for excess Rights Shares with Warrants

The Undertaking Shareholder has also indicated to the Company that, as further indication of his support and commitment to the Company and the Rights cum Warrants Issue, he intends to, subject to the Whitewash Waiver and the Excess Rights Whitewash Waiver being granted by the SIC and the Whitewash Resolution being approved by the Independent Shareholders at the EGM, make applications in excess of his *pro rata* entitlements, at his option and sole discretion, for the provisional allotments of Rights Shares with Warrants not taken up or allotted for any reason, subject to the maximum extent of his aggregate voting rights under the First Minimum Subscription Scenario.

Accordingly, the Undertaking Shareholder will not subscribe for excess Rights Shares with Warrants which will result in his aggregate voting rights exceeding, after close of the Rights cum Warrants Issue:

- (a) 44.04% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder does not exercise any of the Warrants; and
- (b) 84.64% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder exercises all of the Warrants.

To illustrate, if some of the Shareholders other than the Undertaking Shareholder subscribe for Rights Shares with Warrants, the Undertaking Shareholder will be able to subscribe for such number of excess Rights Shares with Warrants that will result in him holding aggregate voting rights of up to a maximum of 44.04% of the enlarged share capital of the Company after the Rights cum Warrants Issue (assuming that none of the Warrants are exercised).

Please refer to Section 5 of this Circular for further details of the Whitewash Waiver and the Excess Rights Whitewash Waiver granted by the SIC.

2.7 Non-underwritten basis

The Rights cum Warrants Issue will not be underwritten. The Company believes that the Issue Price of S\$0.00188 for each Rights Share, which represents a discount of approximately 62.40% to the closing price of S\$0.005 per Share on the SGX-ST on 11 December 2017 (being the full Market Day the Shares were last traded preceding the date of the Third Announcement) is attractive.

In addition to the above, the Directors are of the opinion that there is no minimum amount which must be raised from the Rights cum Warrants Issue. After taking into consideration the aforementioned and the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is neither feasible nor practical for the Rights cum Warrants Issue to be underwritten by a financial institution.

2.8 Rationale for the Rights cum Warrants Issue and use of proceeds

The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Group to pursue its growth strategy of diversification of its core businesses. In connection therewith, the Company is seeking Shareholders' approval for the Proposed Diversification to include the New Businesses. In view of the current financial circumstances, the Company believes that the Rights cum Warrants Issue will strengthen the Company's balance sheet and a stronger financial position will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner and as and when the opportunities arise, such as the New Businesses.

In addition, the Rights cum Warrants Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

The rationale for the structure of the Rights cum Warrants Issue, being that of two (2) Rights Shares for every one (1) existing Share and nine (9) Warrants for every one (1) Rights Share validly subscribed, is as follows:

- (a) as announced in the Second Announcement, the SGX-ST had rejected the Company's application for the listing and quotation of the shares and warrants which were the subject of the proposed rights cum warrants issue in the First Announcement, having taken into account the theoretical value of the nil-paid rights being below the minimum trading price of S\$0.001. Accordingly, the Company has structured the Rights cum Warrants Issue such that more Warrants are issued instead of Rights Shares to ensure that the theoretical value of the nil-paid rights is above the minimum trading price; and
- (b) the Group is on a path towards a massive transformation, and the structure of the Rights cum Warrants Issue is representative of the Company's optimism and future plans. Shareholders and/or investors will have up to 36 months to monitor and assess the Company's growth trajectory and track record, and determine if they wish to exercise their Warrants. Shareholders and/or investors will be able to make a better informed decision for each tranche of Warrants prior to any exercise of such tranche.

The Company believes that the Issue Price for the Rights Shares and the Exercise Prices for the Warrants, and the Issue Price Discount and the Exercise Price Discounts, are attractive and fair for the following reasons:

- (i) Shareholders are entitled to subscribe to the Rights Shares in proportion to their shareholdings, thus all Shareholders are able to participate in the Rights cum Warrants Issue in a *pro rata* manner which ensures the fairest method of economic participation for all Shareholders. No single Shareholder or any particular class of Shareholders will enjoy a different discount from the Issue Price Discount or the Exercise Price Discounts. All Shareholders are given the option, but not the obligation, to participate at the Issue Price, and hence all Shareholders will enjoy the same Issue Price Discount. Likewise in relation to the exercise of the Warrants, all subscribers for the Rights Shares receive the same ratio of Warrants based on the number of Rights Shares that they subscribe for, and every Warrantholder is given the option, but not the obligation, to exercise their Warrants at the Exercise Price Discounts that are available to all other Warrantholders;
- (ii) based on the IFA's analyses and comparisons with the Comparable Transactions (as defined in the IFA Letter) during the 12-month period prior to the Third Announcement and which were completed prior to the Latest Practicable Date, the Issue Price Discount of 35.62% to the theoretical ex-rights price of each Share is within the range of corresponding premia/discounts for the Comparable Transactions of between a premium of 23.50% and a discount of 52.38%, higher than the corresponding mean and median discounts for the Comparable Transactions of 24.82% and 21.74% respectively. Accordingly, the Company believes that the Issue Price Discount is fair and reasonable. For more details on the analysis of the Comparable Transactions, please refer to paragraph 5.4.3 of the IFA Letter set out in Appendix A to this Circular;
- (iii) as the Company grows over time, the Exercise Prices of the different tranches of the Warrants increase to reflect such increase in shareholder value. Accordingly, the Warrants with a longer Exercise Period are priced higher than the Warrants with a shorter Exercise Period, with the Tranche 2 Warrants being priced at a lower

Exercise Price Discount than that of the Tranche 1 Warrants, and the Tranche 3 Warrants being priced at a premium to the last transacted price of the Shares preceding the Third Announcement; and

- (iv) the Company believes in rewarding loyal Shareholders and with the Rights cum Warrants Issue, long-term Shareholders will be able to participate in the growth of the Company alongside the Undertaking Shareholder.

The Rights cum Warrants Issue will enhance the Group's financial capacity and flexibilities in pursuing its aforesaid growth strategy. As at 31 December 2017, the Group has cash or cash equivalent of approximately S\$11.58 million. The Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$46.76 million from the Rights Shares under the Maximum Subscription Scenario (the "**Net Proceeds**"), after deducting estimated expenses of approximately S\$0.35 million. The New Businesses are capital intensive. Having regard to the foregoing, the Directors will determine the optimal mix of usage of the existing cash, the net proceeds from the Rights cum Warrants Issue, internal funding and financing, taking into account the cash flow of the Group and the prevailing financing costs.

The Company intends to use the Net Proceeds from the Rights Shares (assuming the Maximum Subscription Scenario) in the following proportion:

Use of proceeds	Amount (S\$ million)	Percentage Allocation (%)
To support the Proposed Diversification to include the Property Business and the Investment Business	37.41 to 46.76	80.0 to 100.0
General corporate purposes including general working capital, including but not limited to funding of new projects, capital improvements and repayment of loans, and making strategic investments and/or acquisitions	Up to 9.35	Up to 20.0
Net proceeds arising from the Rights cum Warrants Issue, before the exercise of the Warrants	46.76	100.0
As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing new business ventures through acquisitions and/or strategic investments, working capital and/or such other purposes as the Directors may deem fit	Up to approximately S\$730.80 million in aggregate, together with the net proceeds raised from the issue of the Rights Shares, arising from the exercise of all of the Warrants	

Should the proceeds raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation.

In the reasonable opinion of the Directors, and in view of the Irrevocable Undertaking, there is no minimum amount which must be raised from the Rights cum Warrants Issue. The Directors are of the opinion that, after taking into consideration the Group's internal resources and operating cash flows, the working capital available to the Group is sufficient for the Group to meet its present requirements and continue to operate as a going concern.

Pending the deployment of the proceeds for the uses mentioned above, the proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments, used for providing financing and loans to corporate entities or for any other purposes on a short-term basis as the Directors may deem fit.

Measures to safeguard the proceeds raised from the Rights cum Warrants Issue

As and when any significant amount of the proceeds is disbursed or deployed, the Company will make the necessary announcements on SGXNET, together with a confirmation from the external auditors of the Company that the information set out in such announcement has been verified, and subsequently provide a status report on the use of such proceeds in its annual report.

In addition, the Company will, on a quarterly basis during the Rights and Warrants Expiry Timeline, announce:

- (a) the number of Tranche 1 Warrants, Tranche 2 Warrants and Tranche 3 Warrants that have been exercised;
- (b) the proceeds raised from the exercise of the Warrants; and
- (c) the status of the use of such proceeds,

together with a confirmation from the external auditors of the Company that the information set out in such announcement has been verified.

Further, in relation to the use of proceeds, the external auditors of the Company will, on a quarterly basis during the Rights and Warrants Expiry Timeline, verify:

- (a) the cash balance in the designated bank account holding the proceeds from the Rights cum Warrants Issue (which will be a separate bank account), based on bank statement(s);
- (b) for acquisitions and investments made pursuant to the Property Business, the Property Verification via SLA's online searches; and
- (c) for investments made pursuant to the Investment Business, securities with the custodian banks that the Company holds its securities through, based on bank statement(s),

and notify the Audit Committee and the Board of the Company and the SGX-ST, if the SGX-ST so requires, of the results of such verification. The Company will announce the information that has been verified by the external auditors and if so required by the SGX-ST, release the reports prepared by the external auditors in respect of such verification.

The internal audit department of the Company will also undertake the Property Verification on a monthly basis via SLA's online searches and report directly to the Audit Committee the results of such verification.

2.9 Books Closure Date

The Books Closure Date for the purposes of determining the Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

3. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for FY2015, FY2016 and FY2017, as well as the review thereof, are set out in Appendix C to this Circular.

4. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The financial effects of the Rights cum Warrants Issue presented herein on a *pro forma* basis are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and/or the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects of the Rights cum Warrants Issue have been prepared on a *pro forma* basis based on the latest audited consolidated financial statements of the Group for FY2017. The financial effects of the Rights cum Warrants Issue under the First Minimum Subscription Scenario, the Second Minimum Subscription Scenario and the Maximum Subscription Scenario, are presented herein after taking into account the following assumptions:

- (a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the share capital, NTA per Share, NAV per share and gearing of the Group, the Rights cum Warrants Issue is assumed to have been completed on 31 December 2017; and
- (b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the EPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 January 2017.

4.1 Share Capital

	First Minimum Subscription Scenario		Second Minimum Subscription Scenario		Maximum Subscription Scenario	
	Number of Shares	Share capital (S\$'000)	Number of Shares	Share capital (S\$'000)	Number of Shares	Share capital (S\$'000)
Existing Share Capital as at 31 December 2017 (before the Rights cum Warrants Issue)	12,528,241,084	153,652	12,528,241,084	153,652	12,528,241,084	153,652
After the allotment and issue of the Rights Shares	17,734,984,724	163,441	13,978,689,104	156,379	37,584,723,252	200,758
After the exercise	64,595,677,484	305,585	14,176,359,469	156,577	263,093,062,764	884,800

of the Warrants
and allotment
and issue of the
Warrant Shares⁽¹⁾

Note:

(1) Assuming that there is no adjustment to the number of Warrants.

4.2 NTA

	First Minimum Subscription Scenario (S\$'000)	Second Minimum Subscription Scenario (S\$'000)	Maximum Subscription Scenario (S\$'000)
As at 31 December 2017 (before the Rights cum Warrants Issue)	62,838	62,838	62,838
NTA per Share as at 31 December 2017 (before the allotment and issue of the Rights Shares) (cents)	0.50157	0.50157	0.50157
After the allotment and issue of the Rights Shares ⁽¹⁾	72,277	65,215	109,594
NTA per Share after the allotment and issue of the Rights Shares (cents)	0.40754	0.46653	0.29159
After the exercise of the Warrants and allotment and issue of the Warrant Shares ⁽¹⁾	214,421	65,413	793,636
NTA per Share after the exercise of the Warrants and allotment and issue of the Warrant Shares (cents)	0.33194	0.46142	0.30166

Note:

(1) Computed based on proceeds net of estimated expenses for the Rights cum Warrants Issue.

4.3 EPS

	First Minimum Subscription Scenario	Second Minimum Subscription Scenario	Maximum Subscription Scenario
Net profit attributable to Shareholders in FY2017 (S\$'000)	4,102	4,102	4,102
Weighted average number of Shares before the allotment and issue of the Rights Shares	12,528,241,084	12,528,241,084	12,528,241,084
EPS (cents)	0.03274	0.03274	0.03274
Weighted average number of Shares after the allotment and issue of the Rights Shares	17,734,984,724	13,978,689,104	37,584,723,252
EPS (cents)	0.02313	0.02934	0.01091
Weighted average number of Shares after the exercise of the Warrants and allotment and issue of the Warrant Shares	64,595,677,484	14,176,359,469	263,093,062,764
EPS (cents)	0.00635	0.02894	0.00156

4.4 Gearing

	First Minimum Subscription Scenario (%)	Second Minimum Subscription Scenario (%)	Maximum Subscription Scenario (%)
As at 31 December 2017 (before the Rights cum Warrants Issue)	10.04	10.04	10.04
Gearing ratio as at 31 December 2017 (before the allotment and issue of the Rights Shares) (times)	0.10	0.10	0.10
After the allotment and issue of the Rights Shares	8.78	9.69	5.86
Gearing ratio after the allotment and issue of the Rights Shares (times)	0.09	0.10	0.06
After the exercise of the Warrants and allotment and issue of the Warrant Shares	3.03	9.66	0.83
Gearing ratio after the exercise of the Warrants and allotment and issue of the Warrant Shares (times)	0.03	0.10	0.01

4.5 NAV

	First Minimum Subscription Scenario (S\$'000)	Second Minimum Subscription Scenario (S\$'000)	Maximum Subscription Scenario (S\$'000)
As at 31 December 2017 (before the Rights cum Warrants Issue)	65,636	65,636	65,636
NAV per Share as at 31 December 2017 (before the allotment and issue of the Rights Shares) (cents)	0.52390	0.52390	0.52390
After the allotment and issue of the Rights Shares ⁽¹⁾	75,075	68,013	112,392
NAV per Share after the allotment and issue of the Rights Shares (cents)	0.42331	0.48655	0.29904
After the exercise of the Warrants and allotment and issue of the Warrant Shares ⁽¹⁾	217,219	68,211	796,434
NAV per Share after the exercise of the Warrants and allotment and issue of the Warrant Shares (cents)	0.33627	0.48116	0.30272

Note:

(1) Computed based on proceeds net of estimated expenses for the Rights cum Warrants Issue.

5. THE WHITEWASH RESOLUTION

Under Rule 14.1 of the Code, except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the Company; or

- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights,

such person must extend a mandatory general offer (“**Mandatory Offer**”) immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold Shares in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

5.1 Interest of the Undertaking Shareholder and the applications to the SIC

As at the date of this Circular, the Undertaking Shareholder, who is also the Executive Chairman and Non-Independent Executive Director of the Company, holds an aggregate of 2,603,371,820 Shares representing 20.78% of the Company’s Existing Share Capital.

Assuming the First Minimum Subscription Scenario, pursuant to which the Undertaking Shareholder will subscribe to a maximum of 5,206,743,640 Rights Shares with Warrants, the aggregate shareholding interests of the Undertaking Shareholder will increase from approximately 20.78% to 44.04% immediately following the allotment and issue of such Rights Shares with Warrants or 84.64% upon the full exercise of all 46,860,692,760 Warrants by the Undertaking Shareholder.

Accordingly, the fulfilment by the Undertaking Shareholder of his obligations under the Irrevocable Undertaking and subscription for the Rights Shares with Warrants in connection with the Rights cum Warrants Issue may result in the Undertaking Shareholder acquiring 30.0% or more of the voting rights of the Company. In such event, the Undertaking Shareholder and his Concert Parties would incur an obligation to make the Mandatory Offer pursuant to Rule 14.1(a) of the Code unless such obligation is waived by the SIC.

Assuming the Second Minimum Subscription Scenario, the Undertaking Shareholder will subscribe to a maximum of 1,450,448,020 Rights Shares with Warrants that will result in him holding 29.00% of the enlarged share capital of the Company immediately after allotment and issue of such Rights Shares with Warrants or 29.99% upon the exercise of 197,670,365 Warrants by the Undertaking Shareholder. In the Second Minimum Subscription Scenario, the Undertaking Shareholder would not incur an obligation to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Code.

Applications were made on 7 August 2017 and 22 September 2017, respectively, and an update was made on 12 December 2017, to the SIC for:

- (a) the grant of the whitewash waiver for the Undertaking Shareholder and his Concert Parties from making the Mandatory Offer as a result of the subscription in full of the Undertaking Shareholder’s *pro rata* entitlements in respect of the Rights Shares with Warrants and the exercise in full of the Warrants arising thereof; and

- (b) the grant of the whitewash waiver for the Undertaking Shareholder and his Concert Parties from making the Mandatory Offer as a result of the subscription by, and allotment and issue by the Company to, the Undertaking Shareholder of any excess Rights Shares with Warrants and the exercise in full of the Warrants arising therefrom.

5.2 Conditional Whitewash Waiver by the SIC

On 5 September 2017, 13 October 2017 and 7 February 2018, the SIC granted the Whitewash Waiver and the Excess Rights Whitewash Waiver, subject to, *inter alia*, the satisfaction of the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares and Warrants, the Whitewash Resolution by way of poll to waive their right to receive a general offer from the Undertaking Shareholder;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Undertaking Shareholder, as well as parties not independent of him, abstain from voting on the Whitewash Resolution;
- (d) the Undertaking Shareholder did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the date of the announcement of the Rights cum Warrants Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the announcement of the Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Rights cum Warrants Issue, including the Irrevocable Undertaking;
 - (ii) the possible dilution effect to existing holders of voting rights upon the issue of the Rights Shares and Warrant Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder and Warrant Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder);
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in

respect of Shares held by the Undertaking Shareholder and his Concert Parties as at the latest practicable date;

- (iv) the number and percentage of voting rights to be issued to the Undertaking Shareholder as a result of his acquisition of the Rights Shares and Warrant Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder and Warrant Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder);
 - (v) specific and prominent reference to the fact that the issue of the Rights Shares and Warrant Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder and Warrant Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder) to the Undertaking Shareholder might result in the Undertaking Shareholder and his Concert Parties holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital, and the fact that the Undertaking Shareholder and his Concert Parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (vi) that the Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Undertaking Shareholder at the highest price paid by the Undertaking Shareholder and his Concert Parties for Shares in the Company in the past six (6) months preceding the commencement of the offer; and
 - (vii) that the Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;
- (g) this Circular states that the Whitewash Waiver is subject to the conditions stated in subparagraphs (a) to (f) above;
 - (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
 - (i) to rely on the Whitewash Resolution, the acquisition by the Undertaking Shareholder of the Rights Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder) must be completed within three (3) months of the date of approval of the Whitewash Resolution and the acquisition of Warrant Shares (including Warrant Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder) upon exercise of the Warrants must be completed within five (5) years of the issue of the Warrants.

5.3 Whitewash Resolution

The Independent Shareholders are therefore asked to vote, by way of poll, on the Whitewash Resolution as set out as Ordinary Resolution 2 in the Notice of EGM attached to this Circular.

The Board has, on behalf of the Company, appointed SAC Capital Private Limited as the IFA to advise the Independent Directors on the Whitewash Resolution. The recommendation of

the IFA is outlined in Section 5.4 of this Circular. The IFA Letter dated 10 April 2018, setting out the IFA's advice to the Independent Directors on the Whitewash Resolution is set out in Appendix A to this Circular.

In connection with the Whitewash Waiver and the Excess Rights Whitewash Waiver, the Undertaking Shareholder has confirmed that he, whether by himself or with any of his Concert Parties, has not acquired any Shares in the Company in the six (6) months period prior to the date of the announcement of the Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue and will not acquire any Shares in the Company in the period between the same and the date on which Independent Shareholders' approval is obtained for the Whitewash Resolution at the EGM.

5.4 Advice from the IFA

SAC Capital Private Limited has been appointed as the IFA to advise the Independent Directors in relation to the Whitewash Resolution. The IFA Letter, setting out its advice in full, is reproduced in Appendix A to this Circular. Having considered the factors and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that, from a financial point of view, the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders.

Accordingly, the IFA has advised the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Whitewash Resolution.

Shareholders should read the above in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix A to this Circular.

6. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

As at the date of this Circular, the interests of the Directors in the Shares are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Edward Lee Ewe Ming	100	N.M. ⁽²⁾	2,603,371,720 ⁽³⁾	20.78
Ong Ghim Choon	877,973,330	7.01	-	-
Mark Leong Kei Wei	-	-	-	-
Oei Su Chi, Ian	10,000	N.M. ⁽²⁾	-	-
Lai Yew Fei	-	-	-	-
Zhang Yanmin	-	-	1,418,000,000 ⁽⁴⁾	11.32

Notes:

- (1) Based on the Existing Share Capital as at the date of this Circular.
- (2) Not meaningful.
- (3) Mr. Edward Lee Ewe Ming is deemed interested in 2,603,371,720 Shares held via nominee and financial institutions, out of which 1,418,000,000 Shares are held jointly with Ms. Zhang Yanmin.

- (4) Ms. Zhang Yanmin is deemed interested in 1,418,000,000 Shares held via nominee and financial institutions, which are held jointly with Mr. Edward Lee Ewe Ming.

Save for the Directors who are also Substantial Shareholders of the Company, there are no Substantial Shareholders of the Company.

7. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue may only be made in the manner as prescribed in the OIS, the PAL, the ARE and the ARS.

8. THE PROPOSED DIVERSIFICATION OF THE CURRENT CORE BUSINESSES OF THE GROUP TO INCLUDE THE NEW BUSINESSES

8.1 Background

The Company was incorporated in 2000 as an investment holding company and was listed on the Mainboard of the SGX-ST in 2003. The Group is principally engaged in the Current Core Businesses, comprising the businesses of:

- (a) retail and distribution of products and services of telecommunication service providers, Singtel and M1, in Singapore;
- (b) retail and distribution of mobile devices, gadgets and lifestyle accessories in Singapore;
- (c) after-market services for mobile devices and consumer electronic goods in Singapore; and
- (d) digital inkjet printing for Point-Of-Sale and Out-Of-Home advertising solutions in Malaysia.

8.2 Description of the New Businesses and Future Plans

Subject to the approval of Shareholders for the Proposed Diversification being obtained at the EGM, the Company intends to diversify the Group's Current Core Businesses to include the New Businesses by undertaking the Property Business and the Investment Business, as and when appropriate opportunities arise.

8.2.1 Property Business

The Property Business will include the following activities:

- (a) acquiring and holding investments in residential, hospitality, commercial (retail and office), industrial and any other suitable types of properties (including mixed development properties) (collectively, the "**Property Related Assets**"), and holding the Property Related Assets for long-term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities;

- (b) trading in properties including but not limited to buying and selling of Property Related Assets with reasonable yield and/or capital growth potential;
- (c) managing Property Related Assets by providing to property owners and/or tenants services such as regular building maintenance and repairs, facilities management and supervision of the performance of service providers and contractors; and
- (d) any other activity related to or ancillary to the above-mentioned activities.

The Group may also, as part of the Property Business, invest in or purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity that is in the Property Business.

The Group intends to carry out the Proposed Diversification into the Property Business to Singapore only.

As at the Latest Practicable Date, the Group has not identified any specific investment for the Property Business. The Group will update Shareholders at the opportune time when it has identified any specific investment(s).

8.2.2 Investment Business

The Group has recently made investments in certain quoted securities. The Company intends to develop and expand the Investment Business, which will include the following activities:

- (a) investing in quoted and/or unquoted securities and various aspects of investment such as providing seed, mezzanine and other forms of capital to listed companies and/or private companies with potential of business growth and trade sales as an integral part of mergers and acquisitions, which may also include undertaking business incubation and angel investments as part of the corporate strategies and business development of the investee companies;
- (b) trading in quoted securities (including equities trading), buying and selling of unquoted securities and/or other marketable securities;
- (c) trading in cryptocurrencies and/or cryptographic tokens, and/or buying and selling of cryptocurrencies and/or cryptographic tokens;
- (d) pre-initial public offer investments, which involve investing in shares of companies which may proceed to be listed on any internationally recognised stock exchange via initial public offerings or reverse takeovers (or similar process);
- (e) trading and/or investing directly or indirectly in futures, commodities, bonds, notes, funds and other securities, derivatives and financial products (whether quoted on any stock exchange or unquoted);
- (f) investing in real estate investment trusts (REITs);
- (g) investing in private equity funds, hedge funds and funds of funds;
- (h) providing financing and loans to corporate entities; and
- (i) any other activity related to or ancillary to the above-mentioned activities.

The Group does not plan to restrict the Proposed Diversification into the Investment Business to any specific business sector, industry or geographical market as each major allocation of funds (for a certain investment class) or major investment under the Investment Business will be evaluated and assessed by the Board on its merits. In making its assessment on each such allocation or investment, the Group will consider the relevant market conditions, rationale for investment, growth potential, projected returns and value enhancements, valuation and acquisition price and potential risks of such allocation/investment to the Group. The Group will remain prudent by taking into account the financial condition and cash flow requirements of the Group in deciding the amount for each allocation/investment and to ensure that the financial exposure of the Group is monitored and managed.

The Group may also collaborate with external consultants and/or advisors for the Investment Business. These collaborations may be on a profit-sharing basis, fee-based, or on such other terms acceptable to the Group, including in respect of profit distribution and investment realisation. In agreeing on the terms with the external consultants and/or advisors, the Group will take into consideration various factors including the adequacy of the Group's working capital and the projected returns.

In order to undertake the Investment Business more effectively and efficiently, the Group may also explore joint ventures and/or strategic alliances with third parties as and when the opportunity arises.

8.2.3 Future Plans

The Group remains committed in the continuance of its Current Core Businesses for so long as its Current Core Businesses remain viable. The entry into the New Businesses is intended to be a diversification of the Group's Current Core Businesses as the Board believes that the Proposed Diversification would also allow the Group to have better prospects of profitability and ensure long term growth by enabling the Group to have access to new business opportunities which in turn could potentially enhance the return on the Group's assets and improve Shareholders' value in the long run.

8.3 **Rationale for the Proposed Diversification**

In view of the growth and diversification of the business portfolio of the Group, the Group has assessed its existing businesses and has proposed to include the New Businesses as part of its core business (together with the Current Core Businesses). The diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth and build sustainable and scalable businesses in the respective industries and markets.

The reasons for including the New Businesses as part of the Group's core business are further elaborated below:

The Proposed Diversification is expected to provide a more diversified business base for future growth by reducing reliance on the Group's Current Core Businesses, which continue to face competition and challenges

While the Group will continue to pursue sustainable growth strategies to strengthen its Current Core Businesses, the Group believes that it should also explore other areas of growth for additional revenue streams and more sustained financial performance in the future. Given

the uncertainties in the global economic outlook from time to time, the Group believes it is prudent to reduce its reliance on its Current Core Businesses, especially in view of heightened competition, disruptions from online marketplaces and other challenges faced by the retail sector in which the Group operates, such as tight labour supply, low gross margins and high operating costs.

The inclusion of the Property Business and the Investment Business can provide the Group with a more diversified business and income base for future growth and will reduce the reliance of the Group on the provision of distribution and retail businesses for its revenue streams. The Directors believe that the Property Business and Investment Business have the potential to be additional sources of stable income for the Group in the future, given the introduction of possible recurring rental income, interest income and/or management income, and capital gains and recurring dividend income from its investments in quoted and/or unquoted securities. As such, the Board considers it commercially prudent and appropriate for the Group to include the Property Business and Investment Business as part of its core businesses, with a view to sustain and enhance Shareholders' value and returns in the long run.

The Proposed Diversification will allow the Group to expand its network of contacts and business opportunities

Through the Group's engagement in the Property Business and Investment Business, its network of contacts is likely to expand, creating exposure to fresh business opportunities and partners with whom the Group may forge new synergies, in both local and overseas (for the Investment Business) markets. Such expansion may also facilitate introductions to new ideas and possibilities associated with the Group's Current Core Businesses.

The Proposed Diversification will place the Group in a better position to capitalise on growth prospects in both local and overseas markets

The Proposed Diversification will place the Group in a better position to leverage and capitalise on growth prospects in both local and overseas markets. Through its investments in quoted securities, investee companies or private equity funds which operate or specialise in these markets, and investments in properties, the Group is well-positioned to seize market opportunities and prospects. Capitalising on such opportunities may enhance the growth and performance of the Group and strengthen its turnover and profits, enhancing Shareholders' value and returns.

The Property Business will enable the Group to seize opportunities in property investment

The Property Business is proposed to include the sale, purchase, lease and management of the Property Related Assets. The inclusion of the Property Business as a part of its core business will position the Group to channel more human and capital resources to provide for a more diversified and sustainable growth path. Given the track record of the Company's Executive Chairman and Non-Independent Executive Director, Mr. Edward Lee, in the development and management of residential properties and the improving outlook of the property industry's future growth prospects considering positive market behaviour, such as the strong performance of recent property projects, the Group believes that it will be in good stead to grow the Property Business in the long run.

The Group may undertake the Property Business independently or in partnership or collaboration with third parties which have the relevant expertise and resources. The decision whether the relevant investment project should be undertaken by the Group on its own or in collaboration with third parties will be taken by the Group after taking into consideration various factors such as the nature and scale of the project and the amount of investment required.

In making its assessment on the nature and extent of its investment in the Property Business, the Group will consider the relevant market conditions, the joint venture partners, growth potential, projected returns and value enhancements of the various transactions related to the Property Business.

The Proposed Diversification will afford the Group the flexibility to enter into transactions relating to the New Businesses in the ordinary course of its business

Pursuant to Rules 1013 and 1014 of the Listing Manual, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% (a “**Major Transaction**”). A Major Transaction must be made conditional upon approval by Shareholders in general meeting. For further details on Rules 1006, 1013 and 1014, please refer to the Listing Manual.

Pursuant to Practice Note 10.1 of the Listing Manual, save where the acquisition changes the risk profile of the issuer, Shareholders’ approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer’s existing core business. Practice Note 10.1 further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek Shareholders’ approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer will not require Shareholders’ approval.

With the Proposed Diversification, the Group will, in its normal course of business, be able to enter into any transaction relating to the Property Business and the Investment Business without need for further Shareholders’ approval even though such transaction constitutes a Major Transaction, unless such transaction changes the risk profile of the Group. As such, the Company need not convene separate general meetings from time to time to seek Shareholders’ approval as and when potential transactions which are Major Transactions relating to the Investment Business arise, thereby substantially reducing the administrative time and expenses in convening such meetings and consequently, facilitating the Group’s pursuit of its corporate objectives and increasing the Group’s responsiveness to business opportunities that avail to the Group.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of:

- (a) transactions which fall within the definition of Rule 1002(1) of the Listing Manual, and acquisitions which, although entered into in the ordinary course of business of the Group, would result in a change in its risk profile, Rules 1005, 1010 and 1014 will still apply;
- (b) where the Group enters into the first Major Transaction (“**First Major Transaction**”) involving each of the Property Business and the Investment Business, or where the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual in respect of several aggregated transactions (the “**Aggregated Transactions**”) over the course of the last 12 months exceeds 20%, such First Major Transaction or last of

the Aggregated Transactions, as the case may be, will be made conditional upon approval by Shareholders in a general meeting;

- (c) transactions where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Listing Manual will still apply to such transactions and such transactions must be, among others, pursuant to Rule 1015(1)(b) made conditional upon approval by the SGX-ST and Shareholders in general meeting;
- (d) transactions where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual is a negative figure, pursuant to Rule 1007(1), Chapter 10 of the Listing Manual may still apply to such transactions at the discretion of the SGX-ST, and the Company shall consult the SGX-ST; and
- (e) transactions which constitute an “**interested person transaction**” as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

In consideration of the above factors, the Board is of the view that the Proposed Diversification is in the best interests of the Company and its Shareholders.

8.4 Management of the New Businesses

In connection with the Proposed Diversification, the Group has designated Mr. Edward Lee Ewe Ming (“**Mr. Lee**”), the Executive Chairman and Non-Independent Executive Director of the Company, to manage the New Businesses. Mr. Lee will report directly to the Board. No person is proposed to be appointed as a director of the Company in connection with the Proposed Diversification. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

Mr. Lee is the Managing Director of Edward Lee Apartments Private Limited and Edward Lee Residences Private Limited. He was previously a Senior Consultant at Cambridge Associates Asia Pte. Ltd. (“**Cambridge Associates**”) where he led the firm’s hedge fund research in Asia and constructed and oversaw hedge fund portfolios for a broad range of clients. Prior to joining Cambridge Associates, Mr. Lee was the Corporate Finance Director of First World Capital Pte. Ltd. and held various other appointments there, including Group Chief Executive Officer / Managing Director. Mr. Lee was also previously an Investment Banking Analyst at Lehman Brothers, Inc. where he worked on mergers & acquisitions, initial public offerings, and debt restructuring exercises in the South East Asia region. Mr. Lee received a Bachelor of Commerce in Accounting/Finance from the University of Melbourne and was a Deacons Graham James Scholar of the Melbourne Law School. Accordingly, the Board is of the view that Mr. Lee possesses the requisite expertise and familiarity in the New Businesses.

The Group aims to venture into the New Businesses prudently and will evaluate the manpower and expertise required for the New Businesses on an ongoing basis. Thus, upon obtaining Shareholders’ approval for the Proposed Diversification, the Group will evaluate the manpower and expertise required for the proposed New Businesses and will, as and when required, hire suitably qualified personnel, external consultants, external industry experts and professionals to assist with the management and operation of the New Businesses. At the initial stage of its foray into the New Businesses, the Group will endeavour to foster partnerships with various third parties in the industry to assist it in undertaking the New Businesses more effectively and efficiently as the Group seeks to build its expertise and

experience in this field. Such partnerships may be done either on an *ad hoc* basis or on a fixed term basis. Where necessary, work may be outsourced to third parties who have expertise in the relevant area in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the relevant project or transaction and the experience, historical track record and financial standing of the partners concerned.

In addition, the Group may engage existing employees to undertake roles which include, but are not limited to, conducting market research and analysis, carrying out due diligence checks and ongoing audit on the investee companies, and executing investment transactions and exit strategies.

The Board will also monitor the New Businesses on an on-going basis by reviewing and assessing the merits of the proposed investments before undertaking any major investment.

The Group has not identified specific investments for the New Businesses as at the Latest Practicable Date.

8.5 Funding for the Proposed Diversification

The Group will fund the Proposed Diversification into the New Businesses through a combination of the net proceeds from the Rights cum Warrants Issue, the Group's internal resources and borrowings from financial institutions. The Directors will determine the optimal mix of internal funding and external funding, taking into account the cash flow of the Group and the prevailing financing costs. In addition, the Company may consider tapping the capital markets in the future, to fund the New Businesses in various ways including but not limited to the issuance of securities for cash by way of rights issues and placements and/or issuance of debt instruments as and when necessary and deemed appropriate. Further, as the Company expects to receive the proceeds from the Rights cum Warrants Issue in several tranches due to the varying Exercise Periods for the Warrants, this will allow the Group to meet its capital requirements as it expands its New Businesses over time.

In the event that the Proposed Diversification and Rights cum Warrants Issue are approved by Shareholders at the EGM but not the Whitewash Resolution, and the Undertaking Shareholder subscribes for the Rights Shares with Warrants under the Second Minimum Subscription Scenario, the Company expects to raise net proceeds of approximately S\$2.9 million ("**Second Minimum Subscription Scenario Net Proceeds**"). The Company will proceed with the Proposed Diversification on this basis. With the Second Minimum Subscription Scenario Net Proceeds, the Group's internal resources and external funding such as borrowings from financial institutions, the Group is confident of undertaking the New Businesses, albeit on a smaller scale.

8.6 Proposed risk management measures and safeguards

The Board will be responsible for monitoring and conducting regular risk assessments on the investments made under the New Businesses in accordance with prevailing market trends, identifying business risks, proposing risk control measures for the New Businesses and maintaining safeguards in respect of the Group's investments. The Board will be responsible for evaluating and deciding on the Group's investment plans and strategies, investment principles and targets as well as overall allocation of funds. The internal audit department of the Group will assist the Board in the risk assessments for the investments made under the New Businesses.

Internal Controls

Currently, the Company's controls to safeguard the Company's cash are via banking limits. The Company has also a Limits of Authority in place, which sets out the parameters for matters that specifically require the Board's approval and signature requirements. As an additional measure upon the commencement of the New Businesses, for withdrawals of amounts above S\$5.0 million, an Independent Director shall be one of the dual signatories.

If the Proposed Diversification is approved by Shareholders, the risks presented by the New Businesses to the Group will be managed under the existing system of risk management and internal controls, which will determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. As an additional measure, for transactions of a quantum of above S\$10.0 million, such transaction shall be conditional upon the positive recommendation of the Audit Committee.

For investment-related matters, the Group has adopted an Investment Proposals Policy and Guidelines to Prevent Issues of Conflicts ("**Policy**"). This Policy sets out the internal controls to address, *inter alia*, approvals and usage of funds for investment matters. There are internal policies in place to monitor interested person and related party transactions. The Group also maintains a Risk Register, which: (a) identifies the risk areas that may be relevant to the Group; (b) assesses the extent of impact to, and vulnerability of, the Group should such risks materialise; and (c) establishes mitigating practices to be implemented to address such risks. The Risk Register is updated periodically by the internal audit department, with regular input from the management of the Group.

Other measures in respect of the Policy include:

- (i) the internal audit department of the Company shall conduct a half-yearly review on the adequacy and adherence to the Policy. Based on such review, the Policy will be updated from time to time to improve and strengthen the internal controls and processes; and
- (ii) upon commencement of the New Businesses, the Audit Committee will invite the Risk Consulting team of the Company's external auditors to assist the Board and the Audit Committee on the updating of the existing enterprise risk management matrix ("**ERM Matrix**") to take into account the New Businesses. The Group's ERM Matrix is designed to help the Company understand the risks that the Group is facing and the level of exposure, based on existing internal controls that are built into the Company's processes.

For matters relating to investments by the Group under the New Businesses, the following internal controls are in place to address any actual or potential risks:

- (1) investment-related decisions must be determined and approved by members comprising no fewer than three-quarters of the Board. Any Board member who has any interest in any matter that is the subject of the Board's consideration is to abstain from any deliberations or voting in relation to such matter;
- (2) any person privy to the Group's investment decisions must, as soon as practicable upon becoming aware of such decisions, submit a declaration in respect of his/her personal shareholdings and his/her associates' shareholdings, as well as any interest

(whether conflicting or otherwise). Any forms of gifts, entertainment or benefits obtained from any person (for example, brokers) in the administration and execution of the Group's investments which are of a value of more than S\$100 must be declared to and brought to the attention of the Board;

- (3) once an investee company has been identified, a period of moratorium is imposed on all persons privy to the Group's investments decisions. During the moratorium period, such persons are prohibited from buying, selling or otherwise dealing or trading, either directly or indirectly, in relation to such investee company in their personal capacity, whether directly or indirectly;
- (4) all persons privy to the Group's investments decisions are to undertake that he/she shall not take advantage of his/her position by virtue of having access to any price-sensitive information to trade ahead of the Group (front running) or otherwise put himself/herself and/or his/her associates in any position of conflict with the Group; and
- (5) the internal audit department of the Company will conduct periodic audits on the Group's investments in securities and other investments upon the commencement of the Proposed Diversification.

In respect of matters in relation to the making of any loans or providing financing to any borrower, such decisions must be determined and approved by members comprising the majority of the Board. The Group will typically undertake due diligence and Know-Your-Client measures such as conducting credit assessments, legal searches and where relevant, requesting for the provision of security (such as corporate or personal guarantees, charges on assets, share pledges) from the borrower.

For properties that the Company will be acquiring or investing in under the Property Business, the Company will appoint two (2) independent property valuers to perform valuations on properties with valuation above S\$20.0 million, and one (1) independent property valuer to perform valuations on properties with valuation of up to S\$20.0 million.

Please also refer to Section 2.8 of this Circular for the audit and verification measures that the internal audit department and external auditors of the Company will be undertaking in respect of the New Businesses.

Upon the expansion and growth of the New Businesses, the Board may establish a separate risk management committee and/or investment committee staffed by suitably qualified professionals.

Additionally, the functions of the Audit Committee will be expanded to include the following: (i) review with the management, external and internal auditors of the adequacy and effectiveness of the Company's internal control procedures addressing financial, operational, compliance and informational technology risks relating to the New Businesses, and (ii) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Board will also review the internal control and risk management systems of the Company periodically to ensure that there are sufficient guidelines and procedures in place to monitor

its operations. The scope of the annual internal audit will be extended to include the review and evaluation of specific matters arising from the New Businesses. The Board, together with the Audit Committee will also opine on an annual basis whether there are adequate controls in place within the Group addressing material financial, operational, compliance and information technology risks which will include the New Businesses as at the end of each financial year.

8.7 Risk Factors Relating to the New Businesses

The Group could be affected by a number of risks that may relate to the Proposed Diversification or risks that may relate to the markets in which the Proposed Diversification is made. Risks may arise from, *inter alia*, economic, business, market and political factors, including the risks set out below.

Shareholders should consider the risk factors in light of your own investment objectives and financial circumstances and should seek professional advice from your accountant, stock brokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events, this may have a material and adverse impact on the Proposed Diversification and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted.

The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the Board and the management to predict all risk factors, nor can the Group assess the impact of all factors on the Proposed Diversification or the extent to which any factor, or combination of factors, may affect the Proposed Diversification. There may also be other risks associated with the Proposed Diversification and entry into markets in which the Proposed Diversification intends to be engaged in which are not presently known to the Group, or that the Group may currently deem immaterial and as such have not been included in the paragraphs below.

8.7.1 The following is a list of risk factors that are generally associated with the New Businesses:

The Group does not have an established track record and has no operating experience in the areas of the New Businesses

As the Group does not have a proven track record in the areas of New Businesses, there is no assurance that the New Businesses will be commercially successful and that the Group will be able to derive sufficient revenue to offset the initial investments as well as operating costs arising from the New Businesses. The New Businesses may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into the New Businesses or new markets. If the Group does not derive sufficient revenue from or does not manage the capital investments in the New Businesses effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group's future plans with regard to the New Businesses may not achieve profitability that justify the investments made and may take a substantial period of time before the Group can realise any return. Further, such future plans and new initiatives could result in potentially

dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance and financial condition of the Group.

The Group's investment strategy and asset selection process may also not be successful and may not provide positive returns. In such event, the financial position and profitability of the Group may be adversely affected.

The Group may not have the ability or sufficient expertise to successfully implement the New Businesses

The Group's ability to successfully diversify into the New Businesses is dependent on its ability to adapt its existing knowledge and resources and to understand and navigate the New Businesses. While the Group's existing management team has some experience and expertise in the New Businesses, there is no assurance that the Group's existing knowledge will be sufficient for the New Businesses, or that the Group will be able to hire employees or adequately outsource its manpower requirements to third parties with the relevant experience and knowledge. The Group may also appoint third party professionals, third party contractors, and/or foster partnerships with various third parties to assist it in undertaking the New Businesses more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. The Group may not be able to successfully implement the New Businesses and this may adversely affect the Group's financial performance and financial condition.

The Group may face competition from existing competitors and new market entrants in the New Businesses

The New Businesses are competitive, especially the Property Business, with strong competition from established industry participants as well as new entrants. Some of these competitors may possess longer operating histories, significantly greater financial, technical and marketing resources and larger teams of technical and professional staff than the Group. There is no assurance that the Group will be able to compete effectively with existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, its business operations, financial performance and financial condition may be adversely affected.

In particular, the Group's investment properties may be located in areas where other competing properties are present and new properties may be developed which may compete directly with the Group. The income from and the market value of the Group's investment properties will be dependent on its ability to compete against other properties for tenants. Hence, this may adversely impact the capital appreciation and/or rental income for the Group's investment properties.

The Group is exposed to risks associated with mergers and acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group may participate in mergers or acquisitions, joint ventures, strategic alliances or other investment opportunities involving numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such mergers or acquisitions, joint ventures, strategic alliances or other investment

opportunities. There is a risk that if any of the partners or alliances is unable to deliver their obligations or commitments, or any dispute arises with the counterparties, it may result in additional costs to the Group. In such events, the Group's operations, financial position and financial condition may be adversely affected.

The Group may not be able to generate adequate returns on the investments made under the New Businesses

Investments under the New Businesses are subject to varying degrees of risks. The investment returns available from investments in Property Business depend primarily on the amount of capital appreciation generated, the income earned from the rental of the relevant properties and expenses incurred. Similarly, the investment returns available from investments in Investment Business depend on, among others, the dividend income earned and the amount of capital appreciation generated. The revenue derived from the disposal of properties and investment assets will depend on market conditions and levels of liquidity, which may be subject to significant fluctuation and the Group may be unable to convert its assets into cash on short notice. To facilitate a sale of illiquid assets on short notice, the Group may have to lower the selling price substantially, resulting in the Group suffering losses on the assets and adversely affecting the Group's financial performance and financial condition.

The Businesses may be susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses

The revenue from the New Businesses may be generated from overseas markets or the investments under the New Businesses may be made in foreign currencies. To the extent that the Group's revenue, purchases and operating costs are not matched in the same currency, the Group may be exposed to any unfavourable fluctuations of such currencies of the jurisdiction(s) in which the Group will be engaging in to conduct the New Businesses, and the Group's financial performance and financial condition may be materially and/or adversely affected.

The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses with respect to its investments under the New Businesses, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods (in case of properties) or market crashes (in case of investments). Moreover, in respect of investments where the Group is not strictly required to obtain insurance coverage, the Group may not have obtained adequate insurance coverage. In the event the Group suffers losses or damages relating to such investments that are not adequately insured, its business, financial condition and results of operations may be adversely affected. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies the Group has taken up, the Group may be liable to cover the shortfall of the amounts claimed and its financial performance and financial condition may be materially and/or adversely affected.

The Group is subject to changes in economic situation and the relevant industry for the New Businesses

The performance of the New Businesses depend largely on the economic situation and the performance of the relevant industries. Many social, economic, political and other factors may affect the New Businesses. The market in the countries in which the Group operates may be volatile and experience price fluctuations. There is no assurance that the jurisdiction(s) in which the Group undertakes the New Businesses will continue to grow. Should the economy or the market experience a downturn, whether globally or in any jurisdiction in which the Group undertakes the New Businesses, the performance of the New Businesses may be adversely affected.

The Group is exposed to risks relating to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other force majeure events beyond the control of the Group

The operations of the New Businesses may be adversely affected by acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other force majeure events beyond the control of the Group. Such events could lead to uncertainty in the economic outlook of the markets in which the Group operates and there is no assurance that such markets will not be affected, or that recovery from the global financial crisis would continue. In such events, the Group's business, financial performance and financial conditions may be materially and adversely affected. Further, if an outbreak of such infectious or communicable diseases occurs in any of the countries in which the Group has operations in the future, market sentiment could be adversely affected and this may have a negative impact on the Group's operations, financial performance and financial condition. The staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect the Group's day-to-day operations.

8.7.2 The following is a list of risks factors that are generally associated with the Property Business:

The Group is not able to ensure that it will be able to identify and acquire attractive properties at commercially acceptable prices

The Group will endeavour to identify and acquire attractive properties that are accretive to growth. There is no assurance that it will be able to identify and acquire attractive properties in the future at commercially acceptable prices, or at all. If the Group is not able to identify and acquire attractive properties at commercially acceptable prices, this could impair its ability to compete with other property investors and materially and adversely affect the Group's business and financial performance.

There is also no assurance that the Group will be consistently successful in identifying profitable properties. There is also no assurance that properties, which may be assessed by the Group to add to its portfolio at the initial phases, will not turn out to be a loss-making asset or investment due to changes in circumstances not within the Group's control. Should the Group fail to identify profitable properties, the Group's financial performance may be adversely affected.

The Group is subject to risks in its proposed property management business

Revenue for the proposed property management business will be derived from the property management fees collected from the residents in such properties. The Group's intended range of property management services includes the provision of security, building and equipment maintenance and repairs, cleaning services, facilities management, landscape maintenance and car park management. The Group intends to hire manpower and purchase

the materials and/or equipment required to carry out such services. Should the prices of such manpower and the materials increase and the Group is unable to pass on such increase in fees to the residents, its operations, financial performance and financial condition could be materially and adversely affected.

In addition, there has to be sufficient demand to allow for economies of scale to allow the cost of providing such services to be economically viable. The Group cannot assure that it will secure and retain enough residents such that the Group will enjoy significant economies of scale required for the property management business to be economically viable.

Poor demand for leased properties or loss of tenants or a downturn in the business of key tenants under the Property Business may affect the Group's profitability

The Group's performance for the property management segment of the Property Business will be largely dependent on its ability to secure tenants for its available properties for lease. In the event that the Group is unable to secure sufficient tenants, its financial performance may be affected.

Further, there is no assurance that amenities, transportation infrastructure and public transport services near the Group's properties will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant properties and the attractiveness and marketability of the relevant properties to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant properties and adversely affect the operations, financial performance and financial condition of the Group.

The Property Business may also be adversely affected by the bankruptcy, insolvency or downturn in the business of the Group's key tenants, including their decision not to renew any lease or to terminate any lease before it expires. The renewal of the Group's lease agreements with its tenants will also depend on its ability to negotiate lease terms acceptable to both parties. There is no assurance that all or any of the Group's investors and tenants, including its key tenants, will renew or continue to renew their lease agreements with the Group, or that the new or renewed lease terms will be as favourable to the Group as the existing lease.

In the event that any tenant does not renew its lease, the Group will need to find a replacement tenant or tenants, which could subject the Group to periods of vacancy and/or refitting for which the Group would not receive rental income, which in turn could adversely affect its rental income. In addition, there is no assurance that any substitute leases would be on terms that are as favourable as the existing leases.

The Group may be affected by illiquidity of Property Related Assets

Property Related Assets are relatively illiquid in nature. Such illiquidity will affect the Group's ability to realise cash from unsold properties at short notice or, in the event of an urgent sale, result in a significant reduction in the selling price of these assets. Under such circumstances, the divestment, realisation or return of capital or investment in respect of the Property Business may be adversely affected. This may have an adverse effect on the operations, financial performance and financial condition of the Group.

The Group may be subject to limitations of property valuations

Valuation of the Group's properties is based on certain assumptions and is not intended to be a prediction of, and may not accurately reflect, the actual values likely to be realised by the Group from these investments. The inspections of the property and other works undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. In addition, unfavourable changes to the economic or regulatory environment or other relevant factors may negatively affect the premises upon which the valuation is based and hence, the conclusion of such valuation may be adversely affected. As such, the Group's properties may not retain the price at which it may be valued or be realised at the valuation or property value which was recorded.

Fluctuations in the appraised value of the investment properties may affect the Group's results

The fair value of the investment properties held for investment may be subject to reassessment for reporting purposes. In addition, fair value gains of the Group's properties are based on valuations performed by an independent valuer and are calculated based on assumptions adopted by them. There is no assurance that the assumptions used by the independent valuer will be realised. Under the Singapore Financial Reporting Standards, gains or losses arising from changes in the fair value of the investment properties are included in the Group's income statement in the period in which they arise. However, fair value gains do not change the Group's overall cash position or liquidity as long as the Group continues to hold such investment properties.

The amount of fair value adjustments may be subject to market fluctuations. The changes in market conditions may create fair value gains or losses on the Group's investment properties. In particular, the fair value of the investment properties could decline in the event that, among other things, the real estate industry experiences a downturn as a result of government policies aimed at "cooling-off" the real estate market, or any global market fluctuations and economic downturn. Such adjustments to the Group's shares of the value of the properties in the Group's portfolio could have an adverse effect on the net asset value and profitability of the Group.

The Group may not be able to provide the capital investments needed to undertake the Property Business and Property Business will be subject to risks in relation to interest rate movements

The Property Business may require substantial capital investments or cash outlay. There is no assurance that financing, either on a short term or a long term basis, will be made available or, if available, that such financing can be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected.

Additional debt funding is subject to interest payments and interest rate fluctuations and may also be subject to conditions that restrict or require consent for corporate restructuring, additional financing or fund raising, requirements on the maintenance of certain financial ratios. These conditions may reduce the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes. In addition, these conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the

business or industry and increase the Group's vulnerability to general adverse economic and industry conditions.

Additional equity financing may result in a dilution to Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, any issue of Shares below the then prevailing market price will also affect the value of Shares then held by Shareholders. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

- 8.7.3 The following is a list of risks factors that are generally associated with the Investment Business:

The Group is subject to risks inherent in investing in entities which it does not control and the manner in which it holds its investments interests

The Group may hold its investments through or make investments in entities that are not the Group's subsidiaries and over which the Group does not have majority control. The performance of these entities and the Group's share of their results may be subject to the same or similar risks relating to the Property Business or the Proposed Diversification that affect the Group as described herein. There is no assurance that the Group will be able to influence the management, operation and performance of these entities through its voting rights, in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

Further, the Group does not currently intend to participate at the board level or be actively involved with the day-to-day management of any investee company, but will only be a passive investor. Additionally, where the Group takes a strategic but non-controlling stake in an investee company, it would have limited control or influence in terms of day-to-day operations. Accordingly, the mismanagement of any investee company, if any, will be beyond the control of the Group. Such mismanagement may adversely affect the financial performance of the investee company, which may in turn affect the returns on the Group's investments. The impact of any negative publicity or announcements relating to such mismanagement of the investee company may also impact the Group's reputation, whether or not it is justified, and ultimately affect the value of the Shares.

Investments in higher growth companies which may be in the early stages of development may entail a higher level of risk

The Group may invest in the quoted and/or unquoted securities of companies with businesses in the early stages of development that have high growth potential (for example, if the Group invests in such companies at the angel investing or business incubation stage). While these companies may present greater opportunities for growth, they are often accompanied by a higher risk profile than those usually associated with companies with more established businesses. There is no assurance that the Group may be able to realise its envisaged returns or redeem its invested amounts. Given the nature of such investments, the Company will regularly monitor the financial and operational performance of such investee companies.

The Investment Business may be volatile

The market price for the investments in quoted securities or financial products may be highly volatile and can fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond the Company's control:

- (a) variations in the investee's operating results;
- (b) changes in securities analysts' recommendations, perceptions or estimates of financial performance of investees;
- (c) success or failure of investees' management team in implementing business and growth strategies;
- (d) gain or loss of an important business relationship;
- (e) additions or departures of key personnel;
- (f) fluctuations in stock market prices and volume;
- (g) involvement in litigation; and
- (h) general economic, stock and credit market conditions.

The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions and its dependence on third-party providers may have an adverse impact on the Group's ability to manage the Investment Business without interruption

The Group's business will be dependent on the ability to process and evaluate transactions across markets in a time-sensitive, efficient and accurate manner. Consequently, the Group will be reliant on its financial, accounting and other data processing software and systems. The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions. The Group may also face operational risk from transactions not being properly recorded, evaluated or accounted for in the Group's books and/or accounting system. Further, the Group's existing information and technology software and systems may not be able to accommodate the growth and expansion, and the cost of developing subscribing and/or maintaining such software and systems might increase from time to time. These risks could cause the Group to suffer financial loss.

The Group will be reliant on financial institutions and/or third-party service providers for certain aspects of the Group's Investment Business, including for certain information systems, technology and administration of investments and compliance matters. Any interruption or deterioration in the performance of these service providers may adversely affect the operations of the Investment Business.

The Group will rely on information systems to conduct its Investment Business, and failure to protect these systems against security breaches may adversely affect the Group's Investment Business

The efficient operation of the Group's Investment Business will be dependent, *inter alia*, on computer hardware and software systems. Information systems are vulnerable to security

breaches by hackers. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason may affect the Group's Investment Business operations. Any significant interruption or failure of the Group's information systems or any significant breach of security may adversely affect the Group's Investment Business and results of operations.

The Group's investments in unlisted companies may potentially be illiquid

The Group may, from time to time, invest in unlisted companies. The Group may incur greater investment realisation risks than investments in listed securities, as there may be limited methods available to the Group to exit such investments, such as by way of a trade sale or an initial public offering. There is no assurance that investee companies may successfully complete their initial public offering attempts. Even if the investee companies are able to undertake an initial public offering, the securities held by the Group may be subject to certain moratorium restrictions for a certain period of time. As such, there is no assurance that the Group will be able to successfully realise its investments in unlisted companies, by way of a trade sale, initial public offering or otherwise.

The Investment Business is subject to general risks associated with operating businesses outside Singapore

The Company does not plan to restrict the Investment Business to any specific geographical market. There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

In addition, if the governments of jurisdiction(s) in which the Group operates tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group may be adversely affected.

8.8 Disclosure of financial results of the New Businesses

Each of the Property Business and the Investment Business will be accounted for as a new business segment in the Group's financial statements in line with the Singapore Financial Reporting Standards and accordingly, the Group will disclose the financial results of the Property Business and the Investment Business with the Group's financial statements. The financial results of the Property Business and the Investment Business, together with the Group's segmented financial statements, will be announced periodically pursuant to the requirements as set out in Chapter 7 of the Listing Manual. In these periodic results announcements, the Group may provide segmented financial results relating to the Property Business where appropriate or if required under any applicable accounting standards and Listing Manual.

8.9 Financial effects of the Proposed Diversification

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the New Businesses that is expected to materially impact the net profit, EPS or

NTA of the Group. Should there be any material impact on the Group's NTA per Share and EPS for FY2018 as a result of any developments relating to the New Businesses, the Company will make the necessary announcements at the appropriate time.

9. INTER-CONDITIONALITY / CONDITIONALITY OF RESOLUTIONS

Shareholders should note that:

- (a) Resolution 2 relating to the Whitewash Resolution is conditional upon Resolution 1, relating to the Rights cum Warrants Issue, being passed. This means that if Resolution 1 is not passed, Resolution 2 will not be duly passed; and
- (b) Resolution 1 relating to the Rights cum Warrants Issue is conditional upon Resolution 3, relating to the Proposed Diversification, being passed. This means that if Resolution 3 is not passed, Resolution 1 and consequentially Resolution 2 will not be duly passed.

10. DIRECTORS' RECOMMENDATIONS

10.1 Rights cum Warrants Issue

The Directors having considered, *inter alia*, the rationale for and the terms of the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Rights cum Warrants Issue at the EGM.

10.2 Whitewash Resolution

The Independent Directors having considered the rationale for the Rights cum Warrants Issue, the terms and conditions of the Rights cum Warrants Issue, the financial effects of the Rights cum Warrants Issue and the advice of the IFA, are of the opinion that the Whitewash Resolution is not prejudicial to the interests of Independent Shareholders. Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

The Independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of poll to approve the same. The Independent Directors also wish to add that voting for or against the Whitewash Resolution individually does not preclude the Independent Shareholders (on the basis that they are Entitled Shareholders for the Rights cum Warrants Issue) from accepting the Rights Shares with Warrants, declining or otherwise renouncing or trading their provisional allotments of Rights Shares with Warrants or applying (for that matter) additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

- (a) **the issue of the Rights Shares and Warrant Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder and Warrant**

Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder) to the Undertaking Shareholder might result in the Undertaking Shareholder and his Concert Parties holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital, and the Undertaking Shareholder and his Concert Parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;

- (b) they will be waiving their rights to a general offer from the Undertaking Shareholder at the highest price paid by the Undertaking Shareholder and his Concert Parties for Shares in the Company in the past six (6) months preceding the commencement of the offer; and
- (c) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

10.3 Proposed Diversification

The Directors having considered, *inter alia*, the rationale for the Proposed Diversification are of the opinion that the Proposed Diversification is in the interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Diversification at the EGM.

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

11. ABSTENTIONS FROM VOTING

Pursuant to the Whitewash Waiver and the Excess Rights Whitewash Waiver, the Undertaking Shareholder and parties not independent of him shall abstain from voting at the EGM on the Resolution relating to the Whitewash Resolution.

The Undertaking Shareholder and parties not independent of him will also decline to accept appointment as proxies for any Shareholder to vote in respect of the Resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said Resolution.

The Undertaking Shareholder and Ms. Zhang Yanmin have also abstained from deliberating and making any recommendations on the Whitewash Resolution in their capacity as Directors of the Company.

12. EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is attached to this Circular will be held at Hilton Singapore, 581 Orchard Road, Panorama 1, Level 24, Singapore 238883 on 27 April 2018 at 3:30 p.m. (or as soon as practicable immediately following the conclusion of the annual general meeting of the Company to be held at 2:00 p.m. on the same date and venue) for the purpose of considering

and, if thought fit, passing, with or without modifications the Resolutions set out in the Notice of EGM.

13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

14. CONSENTS

SAC Capital Private Limited, the IFA in relation to the Whitewash Resolution, has given and has not withdrawn its written consent for the issue of this Circular with the inclusion of its name, the IFA Letter attached as Appendix A to this Circular and all references thereto, in the form and the context in which they appear in this Circular.

15. 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 Rights cum Warrants Issue, the Whitewash Resolution, the Proposed Diversification, 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.

16. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated by or against the Group which might or which have had in the 12 months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to such litigation or arbitration claim.

17. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiaries has entered into any material contract (not being a contract entered into the ordinary course of business) during the period of two (2) years immediately preceding the Latest Practicable Date:

- (a) the two (2) sale and purchase agreements entered into by the Company's wholly-owned subsidiary, Pixio Sdn. Bhd., with Paragon Converters Sdn. Bhd. (In compulsory liquidation) on 7 November 2016, in respect of the purchase of land known as Lot No. PT 32, Jalan 51A/223, Section 51A, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia and the buildings thereon and certain plant and machinery, for an aggregate consideration of RM18,000,000; and
- (b) the two (2) financing agreements, each dated 19 June 2017, in respect of aggregate loans of S\$5,000,000, entered into between the Company and Epicentre Pte Ltd.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 53 Ubi Crescent, Singapore 408594, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the IFA Letter;
- (d) the IFA's consent letter referred to in Section 14 of this Circular;
- (e) the Deed Poll constituting the Warrants;
- (f) the material contracts referred to in Section 17 of this Circular; and
- (g) the Irrevocable Undertaking dated 12 December 2017 given by the Undertaking Shareholder.

Yours faithfully

For and on behalf of the Board of Directors of
MDR LIMITED

Edward Lee Ewe Ming
Executive Chairman and Director

**APPENDIX A – LETTER FROM SAC CAPITAL PRIVATE LIMITED TO THE INDEPENDENT
DIRECTORS OF MDR LIMITED IN RELATION TO THE WHITEWASH RESOLUTION**

SAC CAPITAL PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401542N)

1 Robinson Road #21-02 AIA Tower
Singapore 048542

10 April 2018

To: The Independent Directors of mDR Limited
(in relation to the Whitewash Resolution)

Mr. Mark Leong Kei Wei
Mr. Oei Su Chi, Ian
Mr. Lai Yew Fei

Dear Sirs

**THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF RIGHTS OF THE
INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE
UNDERTAKING SHAREHOLDER AND HIS CONCERT PARTIES FOR ALL OF THE ISSUED
SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY
THE UNDERTAKING SHAREHOLDER AND HIS CONCERT PARTIES AS A RESULT OF THE
RIGHTS CUM WARRANTS ISSUE**

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 10 April 2018 (the “Circular”) shall have the same meaning herein.

1. INTRODUCTION

On 11 August 2017, the board of directors (the “**Directors**”) of mDR Limited (the “**Company**”) announced, *inter alia*, that the Company proposed to undertake a renounceable non-underwritten rights cum warrants issue of up to 100,225,928,672 new ordinary shares in the capital of the Company at an issue price of S\$0.001 for each rights share with up to 300,677,786,016 free detachable warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at the relevant exercise price for each warrant share, on the basis of eight (8) rights shares for every one (1) existing ordinary share in the capital of the Company and three (3) warrants for every one (1) rights share validly subscribed (the “**First Announcement**”).

On 24 August 2017, the Company submitted an application (the “**Rights Application**”) to the SGX-ST for the listing and quotation of (i) up to 100,225,928,672 rights shares at the S\$0.001 for each rights share; (ii) up to 300,677,786,016 warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company; and (iii) up to 300,677,786,016 new ordinary shares in the capital of the Company arising from the exercise of the warrants, pursuant to the First Announcement.

On 25 October 2017, the Directors of the Company announced that the SGX-ST informed the Company that the Rights Application had been rejected by the SGX-ST (the “**Second Announcement**”), having taken into account, (i) the theoretical value of the nil-paid rights is below the minimum trading price of S\$0.001; and (ii) if the exercise of warrants is taken into account, the theoretical ex-rights price of the shares is below the minimum trading price of S\$0.001, and shareholders who choose not to subscribe for their entitlements will be diluted in shareholding percentage and financially. Following the rights cum warrants issue under the First Announcement, shareholders may also have difficulty offloading their shares.

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Please refer to the First Announcement and the Second Announcement on the SGX-ST for further details.

Further to the First Announcement and the Second Announcement, the Directors of the Company had on 12 December 2017 announced the revised terms of the rights cum warrants issue (the “**Third Announcement**”). The Company is proposing to offer, on a renounceable non-underwritten basis, up to 25,056,482,168 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at S\$0.00188 for each Rights Share (the “**Issue Price**”), with up to 225,508,339,512 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Warrant Share**”) at the relevant Exercise Price for each tranche of the Warrant Share, on the basis of two (2) Rights Shares for every one (1) existing ordinary share in the capital of the Company, held by the entitled shareholders of the Company (the “**Entitled Shareholders**”) (the “**Rights Issue**”) and nine (9) Warrants for every one (1) Rights Share validly subscribed (the “**Warrants Issue**”) as at the Books Closure Date, fractional entitlements to be disregarded. The Rights Issue and the Warrants Issue shall be referred to as the “**Rights cum Warrants Issue**”. Please refer to the section 2.3 of the Circular for the Exercise Prices for each tranche of the Warrants.

As at the date of the Circular, Edward Lee Ewe Ming (the “**Undertaking Shareholder**” or “**Edward Lee**”), the Executive Chairman and Non-Independent Executive Director of the Company, holds an aggregate of 2,603,371,820 Shares¹, representing approximately 20.78% of the Existing Share Capital.

To show his support and commitment to the Company and the Rights cum Warrants Issue, Edward Lee has provided an irrevocable undertaking to the Company that he will, *inter alia*, subscribe for and pay in full for and/or procure subscription of and payment in full for his *pro rata* entitlements to the Rights Shares with Warrants under the Rights cum Warrants Issue in relation to the Shares held by him as at the Books Closure Date (the “**Irrevocable Undertaking**”). Consequently, the Undertaking Shareholder and his Concert Parties may acquire Shares carrying 30.0% or more of the voting rights of the Company and/or acquire in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code (the “**Mandatory Offer**”), unless such obligation to make a Mandatory Offer is waived by the Securities Industry Council (the “**SIC**”).

Applications were made to the SIC on 7 August 2017 and 22 September 2017 and an update was made on 12 December 2017, for the grant of the whitewash waiver for (a) the Undertaking Shareholder and his Concert Parties from making the Mandatory Offer as a result of the subscription in full of the Undertaking Shareholders’ *pro rata* entitlements in respect of the Rights Shares with Warrants and the exercise in full of the Warrants arising

¹ Edward Lee is directly interested in 100 Shares and deemed interested in 2,603,371,720 Shares held via nominee and financial institutions, out of which 1,418,000,000 Shares are held via joint account with his spouse, Zhang Yanmin.

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thereof; and (b) the Undertaking Shareholder and his Concert Parties from making the Mandatory Offer as a result of the subscription by, and allotment and issue by the Company to, the Undertaking Shareholder of any excess Rights Shares with Warrants and the exercise in full of the Warrants arising therefrom. The SIC had on 5 September 2017, 13 October 2017 and 7 February 2018 exempted (the “**Whitewash Waiver**” and “**Excess Rights Whitewash Waiver**”) the Undertaking Shareholder and his Concert Parties from the requirement under Rule 14.1(a) of the Code to make a mandatory general offer for the Shares of the Company in the event that the Undertaking Shareholder and his Concert Parties increase their percentage of total voting rights in the Company to 30.0% or more, as a result of subscribing for (a) their *pro-rata* entitlements of the Rights Shares (including any excess Rights Shares subscribed for by the Undertaking Shareholder) and (b) Warrant Shares as a result of their exercise of the Warrants (including any Warrants Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder), subject to, *inter alia*, a majority of the holders of voting rights of the Company approving at a general meeting, held before the issue of the Rights Shares to the Undertaking Shareholder and his Concert Parties, a resolution (the “**Whitewash Resolution**”) by way of a poll, to waive their rights to receive a Mandatory Offer from the Undertaking Shareholder and his Concert Parties, and the appointment of an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution.

In the event that the Whitewash Resolution is not approved by shareholders, Edward Lee has undertaken that he will only subscribe for and pay in full for and/or procure subscription of and payment in full for such number of Rights Shares with Warrants that will result in him holding not less than 29.0% but not exceeding 29.99% of the enlarged share capital of the Company immediately after the Rights cum Warrants Issue. Please refer to Section 2.6 of the Circular and Section 3.4 below for further information on the Irrevocable Undertaking.

The Company has appointed us as the independent financial adviser to advise the Directors who are independent for the purpose of the Whitewash Resolution (the “**Independent Directors**”) on whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders.

This letter, which sets out our advice and evaluation, from a financial point of view, has been prepared for the use of the Independent Directors in connection with their consideration of the Whitewash Resolution and their recommendation to the Independent Shareholders arising thereof.

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser to advise the Independent Directors in respect of the Whitewash Resolution.

We are not and were not involved in any aspect of the negotiations entered into by the Group in connection with the Whitewash Resolution or in the deliberations leading up to the decision by the Directors to undertake the Rights cum Warrants Issue. Accordingly, we do not, by this letter, warrant the merits of the Rights cum Warrants Issue, other than to advise on whether the Whitewash Resolution, from a financial point of view, is prejudicial to the interests of the Independent Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic or commercial merits or risks of the Rights cum Warrants Issue or the future growth prospects or earnings potential of the Group after the completion of the Rights cum Warrants Issue. Accordingly, we do not express

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any view as to the prices at which the Shares may trade upon completion of the Rights cum Warrants Issue or on the future financial performance of the Group after the completion of the Rights cum Warrants Issue.

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. 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. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations which we have relied on.

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 Rights cum Warrants Issue and the Whitewash Resolution 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 in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such enquiries and exercised such judgement as were deemed necessary and have found no reason to doubt the reliability of the information or facts. 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 facts.

Save as disclosed, all information relating to the Group that we have relied upon in arriving at our advice has been obtained from the Circular, publicly available information, the Directors and/or 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 Group at any time or as at the Latest Practicable Date. We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of the Group. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of the Group and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of the Group.

Our advice, as set out in this letter, is 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. We assume no responsibility to update, revise or reaffirm our advice in the light of any subsequent development after the Latest Practicable Date that may affect our views contained herein.

In arriving at our advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any 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.

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Our advice in relation to the Whitewash Resolution 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 RIGHTS CUM WARRANTS ISSUE

3.1 Basis of the Rights cum Warrants Issue

As at the date of the Circular, the Existing Share Capital comprised 12,528,241,084 Shares.

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis, with up to 25,056,482,168 Rights Shares at the Issue Price for each Rights Share, with up to 225,508,339,512 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the relevant Exercise Price, on the basis of two (2) Rights Shares for every one (1) existing Share held by the Entitled Shareholders and nine (9) Warrants for every one (1) Rights Share validly subscribed as at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application and, upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

3.2 Rationale for the Rights cum Warrants Issue and Use of Proceeds

Further details of the rationale for the Rights cum Warrants Issue and use of proceeds are set out in Section 2.8 of the Circular, and Shareholders are advised to read the information carefully.

3.3 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is subject to, *inter alia*, the approval from the Independent Shareholders on the Whitewash Resolution at the EGM. Further details of the other conditions are set out in Section 2.4 of the Circular, and Shareholders are advised to read the information carefully.

3.4 Irrevocable Undertaking

As at the date of the Circular, the Undertaking Shareholder holds an aggregate of 2,603,371,820 Shares, representing approximately 20.78% of the Existing Share Capital. To show his support and commitment to the Company and the Rights cum Warrants Issue, Edward Lee has provided the Irrevocable Undertaking to the Company pursuant to which he has, subject to certain conditions, irrevocably undertaken to the Company that, amongst others:

- (a) as at the Books Closure Date, the number of Shares held by him will not be less than the number of Shares held by him on the date of the Irrevocable Undertaking;

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- (b) he will vote in favour of the Rights cum Warrants Issue and the Proposed Diversification at the EGM (including an adjournment thereof) to approve, *inter alia*, the Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrants Shares and the Proposed Diversification;
- (c) he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for his *pro rata* entitlement to the Rights Shares with Warrants under the Rights cum Warrants Issue in relation to Shares held by him as at the Books Closure Date; and
- (d) in the event that the Whitewash Resolution is not approved by Shareholders, he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for such number of Rights Shares with Warrants that will result in him holding not less than 29.0% but not exceeding 29.99% of the enlarged share capital of the Company immediately after the Rights cum Warrants Issue.

The Irrevocable Undertaking is conditional upon, amongst others, the following:

- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST; and
- (b) the Rights cum Warrants Issue and the issue of the Rights Shares, the Warrants and the Warrant Shares bring approved by Shareholders at the EGM.

3.5 Subscription for excess Rights Shares and Warrants

The Undertaking Shareholder had also indicated to the Company that, as further indication of his support and commitment to the Company and the Rights cum Warrants Issue, he intends to, subject to the Whitewash Waiver and the Excess Rights Whitewash Waiver being granted by the SIC and the Whitewash Resolution being approved by the Independent Shareholders at the EGM, make applications in excess of his *pro rata* entitlements, at his option and sole discretion, for the provisional allotments of Rights Shares with Warrants not taken up or allotted for any reason, subject to the maximum extent of his aggregate voting rights under the First Minimum Subscription Scenario.

Accordingly, the Undertaking Shareholder will not subscribe for excess Rights Shares with Warrants which will result in his aggregate voting rights exceeding, after close of the Rights cum Warrants Issue:

- (a) 44.04% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder does not exercise any of the Warrants; and
- (b) 84.64% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder exercises all of the Warrants.

To illustrate, if some of the Shareholders other than the Undertaking Shareholder subscribe for the Rights Shares with Warrants, the Undertaking Shareholder will be able to subscribe for such number of excess Rights Shares with Warrants that will result in him holding aggregate voting rights of up to a maximum of 44.04% of the enlarged share capital of the Company after the Rights cum Warrants Issue (assuming that none of the Warrants are exercised).

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Further details of the Whitewash Waiver and the Excess Rights Whitewash Waiver granted by the SIC are set out in Section 5 of the Circular, and Shareholders are advised to read the information carefully.

3.6 Abstention from making Recommendation and Voting

The Undertaking Shareholder and Ms. Zhang Yanmin have abstained from deliberating and making any recommendations on the Whitewash Resolution in their capacity as a Directors of the Company.

Pursuant to the Code, the Undertaking Shareholder, his Concert Parties and parties not independent of them shall abstain from voting at the EGM on the Resolution relating to the Whitewash Resolution.

The Undertaking Shareholder and his Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the Resolution relating to the Whitewash Resolution, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said Resolution.

4. THE WHITEWASH RESOLUTION

As at the date of the Circular, the Undertaking Shareholder holds in aggregate of 2,603,371,820 Shares, representing approximately 20.78% of the Existing Share Capital. Under the First Minimum Subscription Scenario, the Undertaking Shareholder will acquire a maximum of 5,206,743,640 Rights Shares with Warrants pursuant to his Irrevocable Undertaking under the Rights cum Warrants Issue, resulting in his shareholding interests increasing from 20.78% as at the date of the Circular to 44.04% of the enlarged issued share capital of the Company of 17,734,984,724 Shares following the completion of the Rights cum Warrants Issue. This assumes that none of the Warrants issued by the Company pursuant to the Rights cum Warrants Issue are exercised.

Following the completion of the Rights cum Warrants Issue under the First Minimum Subscription Scenario, in the event that the Undertaking Shareholder were to exercise all of the Warrants obtained pursuant to the Rights cum Warrants Issue, his shareholding interests will further increase to 84.64% of the enlarged issued share capital of the Company of 64,595,677,484 Shares.

Accordingly, there may be circumstances under which the aggregate voting rights of the Company held by the Undertaking Shareholder and his Concert Parties may increase to 30.0% or more of the voting rights of the Company and/or the Undertaking Shareholder and his Concert Parties may acquire in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or persons acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the SIC.

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Applications were made to the SIC on 7 August 2017 and 22 September 2017 and an update was made on 12 December 2017 for the Whitewash Waiver and the Excess Rights Whitewash Waiver, and the SIC had on 5 September 2017, 13 October 2017 and 7 February 2018 exempted the Undertaking Shareholder and his Concert Parties from the requirement under Rule 14.1(a) of the Code to make a mandatory general offer for the Shares of the Company in the event that the Undertaking Shareholder and his Concert Parties increase their percentage of total voting rights in the Company to 30% or more, as a result of the subscription, subject to the satisfaction of certain conditions. Further details of the other conditions precedent as set out in Section 5.2 of the Circular, and Shareholders are advised to read the information carefully.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

- (a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholder and his Concert Parties for the Independent Shareholders' Shares, which the Undertaking Shareholder and his Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by them for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue; and
- (b) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Rights Shares and Warrants.

5. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (c) the historical financial information of the Group;
- (d) the assessment of the Issue Price;
- (e) the valuation of the Warrants; and
- (f) the other relevant considerations.

5.1 Rationale for the Rights cum Warrants Issue and use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Rights cum Warrants Issue or the future prospects of the Group after the Rights cum Warrants Issue. Nevertheless, we have reviewed the rationale for the Rights cum Warrants Issue. The rationale for the Rights cum Warrants Issue and the use of proceeds as set out in Section 2.8 of the Circular is reproduced in italics below:

“The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and capital base of the Group to pursue its growth strategy of diversification of its

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core businesses. In connection therewith, the Company is seeking Shareholders' approval for the Proposed Diversification to include the New Businesses. In view of the current financial circumstances, the Company believes that the Rights cum Warrants Issue will strengthen the Company's balance sheet and a stronger financial position will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner and as and when the opportunities arise, such as the New Businesses.

In addition, the Rights cum Warrants Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

The rationale for the structure of the Rights cum Warrants Issue, being that of two (2) Rights Shares for every one (1) existing Share and nine (9) Warrants for every one (1) Rights Share validly subscribed, is as follows:

- (a) as announced in the Second Announcement, the SGX-ST had rejected the Company's application for the listing and quotation of the shares and warrants which were the subject of the proposed rights cum warrants issue in the First Announcement, having taken into account the theoretical value of the nil-paid rights being below the minimum trading price of S\$0.001. Accordingly, the Company has structured the Rights cum Warrants Issue such that more Warrants are issued instead of Rights Shares to ensure that the theoretical value of the nil-paid rights is above the minimum trading price; and*
- (b) the Group is on a path towards a massive transformation, and the structure of the Rights cum Warrants Issue is representative of the Company's optimism and future plans. Shareholders and/or investors will have up to 36 months to monitor and assess the Company's growth trajectory and track record, and determine if they wish to exercise their Warrants. Shareholders and/or investors will be able to make a better informed decision for each tranche of Warrants prior to any exercise of such tranche.*

The Company believes that the Issue Price for the Rights Shares and the Exercise Prices for the Warrants, and the Issue Price Discount and the Exercise Price Discounts, are attractive and fair for the following reasons:

- (i) Shareholders are entitled to subscribe to the Rights Shares in proportion to their shareholdings, thus all Shareholders are able to participate in the Rights cum Warrants Issue in a pro rata manner which ensures the fairest method of economic participation for all Shareholders. No single Shareholder or any particular class of Shareholders will enjoy a different discount from the Issue Price Discount or the Exercise Price Discounts. All Shareholders are given the option, but not the obligation, to participate at the Issue Price, and hence all Shareholders will enjoy the same Issue Price Discount. Likewise in relation to the exercise of the Warrants, all subscribers for the Rights Shares receive the same ratio of Warrants based on the number of Rights Shares that they subscribe for, and every Warrantholder is given the option, but not the obligation, to exercise their Warrants at the Exercise Price Discounts that are available to all other Warrantholders;*
- (ii) based on the IFA's analyses and comparisons with the Comparable Transactions (as defined in the IFA Letter) during the 12-month period prior to the Third Announcement and which were completed prior to the Latest Practicable Date, the Issue Price Discount of 35.62% to the theoretical ex-rights price of each Share is within the range*

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of corresponding premia/discounts for the Comparable Transactions of between a premium of 23.50% and a discount of 52.38%, higher than the corresponding mean and median discounts for the Comparable Transactions of 24.82% and 21.74% respectively. Accordingly, the Company believes that the Issue Price Discount is fair and reasonable. For more details on the analysis of the Comparable Transactions, please refer to paragraph 5.4.3 of the IFA Letter set out in Appendix A to this Circular;

- (iii) *as the Company grows over time, the Exercise Prices of the different tranches of the Warrants increase to reflect such increase in shareholder value. Accordingly, the Warrants with a longer Exercise Period are priced higher than the Warrants with a shorter Exercise Period, with the Tranche 2 Warrants being priced at a lower Exercise Price Discount than that of the Tranche 1 Warrants, and the Tranche 3 Warrants being priced at a premium to the last transacted price of the Shares preceding the Third Announcement; and*
- (iv) *the Company believes in rewarding loyal Shareholders and with the Rights cum Warrants Issue, long-term Shareholders will be able to participate in the growth of the Company alongside the Undertaking Shareholder.*

*The Rights cum Warrants Issue will enhance the Group's financial capacity and flexibilities in pursuing its aforesaid growth strategy. As at 31 December 2017, the Group has cash or cash equivalent of approximately S\$11.58 million. The Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$46.76 million from the Rights Shares under the Maximum Subscription Scenario (the "**Net Proceeds**"), after deducting estimated expenses of approximately S\$0.35 million. The New Businesses are capital intensive. Having regard to the foregoing, the Directors will determine the optimal mix of usage of the existing cash, the net proceeds from the Rights cum Warrants Issue, internal funding and financing, taking into account the cash flow of the Group and the prevailing financing costs.*

The Company intends to use the Net Proceeds from the Rights Shares (assuming the Maximum Subscription Scenario) in the following proportion:

Use of proceeds	Amount (S\$ million)	Percentage Allocation (%)
<i>To support the Proposed Diversification to include the Property Business and the Investment Business</i>	37.41 to 46.76	80.0 to 100.0
<i>General corporate purposes including general working capital, including but not limited to funding of new projects, capital improvements and repayment of loans, and making strategic investments and/or acquisitions</i>	Up to 9.35	Up to 20.0
Net proceeds arising from the Rights cum Warrants Issue, before the exercise of the Warrants	46.76	100.0

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As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing new business ventures through acquisitions and/or strategic investments, working capital and/or such other purposes as the Directors may deem fit

Up to approximately S\$730.80 million in aggregate, together with the net proceeds raised from the issue of the Rights Shares, arising from the exercise of all of the Warrants

Should the proceeds raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation.”

In considering the rationale and proposed utilisation of the proceeds of the Rights cum Warrants Issue, we note the Proposed Diversification of the Group to include the Property Business and the Investment Business as set out in Section 8 of the Circular, and that approximately S\$37.41 million to S\$46.76 million of the Net Proceeds are allocated to support the Proposed Diversification. We further note that the New Businesses are capital intensive and that the Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth, and to build sustainable and scalable businesses. Further details of the measures to safeguard the proceeds to be raised from the Rights cum Warrants Issue are set out in Section 2.8 of the Circular, and Shareholders are advised to read the information carefully.

5.2 Rights Share with Warrants being offered to Entitled Shareholders on a *pro-rata* basis

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the excess Rights Shares with Warrants.

Provisional allotments of the Rights Shares with Warrants which are not taken up or allotted for any reason shall be aggregated and allotted to satisfy Excess Applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares with Warrants, the Company will allocate the excess Rights Shares with Warrants in a manner deemed fit and appropriate, either proportionately based on (i) the shareholding of the Entitled Shareholders applying for excess Rights Shares with Warrants; or (ii) the number of excess Rights Shares with Warrants applied for by each Entitled Shareholder.

The allocation method will be decided based on the results of the Rights Shares with Warrants applications by the Directors after the Closing Date. Preference will be given to the rounding of odd lots, and Directors, and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Accordingly, Independent Shareholders will not be disadvantaged or prejudiced relative to the Undertaking Shareholder and his Concert Parties in the allocation of their application for their

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entitlements of Rights Shares with Warrants and excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

In the event that the Rights Shares with Warrants are fully subscribed for by the Entitled Shareholders, the current shareholding structure of the Company will remain unchanged.

5.3 Historical Financial Information of the Group

The salient historical financial information of the Group for the last 3 financial years ended 31 December 2015, 2016 and 2017 (“FY2015”, “FY2016” and “FY2017”, respectively) is set out below:

Audited Consolidated Statement of Profit or Loss

S\$'000	Including discontinued operations		Excluding discontinued operations ⁽¹⁾	
	FY2015	FY2016	FY2016 (Restated)	FY2017
Revenue	318,946	318,857	263,285	275,030
Gross profit	30,358	29,657	27,883	27,283
Profit before income tax	3,041	3,167	3,610	4,918
Net profit for the year	3,048	3,050	3,493	4,658
Loss from discontinued operations	-	-	(443)	(440)

Audited Statement of Financial Position

S\$'000	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017
Current assets	73,030	77,317	61,096
Current liabilities	18,343	21,490	24,587
Working capital	54,687	55,827	36,509
Non-current assets	7,082	7,922	28,695
Non-current liabilities	1,038	1,109	1,086
Equity attributable to owners of the Company	62,559	64,346	65,636

Audited Consolidated Statement of Cash Flows

S\$'000	FY2015	FY2016	FY2017
Net cash generated from operating activities	4,182	3,556	3,186
Net cash used in investing activities	(1,839)	(1,869)	(23,762)
Net cash (used in) / generated from financing activities	(3,163)	(1,695)	1,150
Net decrease in cash and cash equivalents	(820)	(8)	(19,426)
Cash and cash equivalents at the end of financial year/period	30,809	30,778	11,579

Source: Annual reports of the Company for FY2015, FY2016 and FY2017.

Note:

- (1) This refers to results from continuing operations as the Company had ceased their operations in Myanmar as of March 2017.

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We note the following:

- (a) the Group's revenue including discontinued operations for FY2015 and FY2016 remained relatively unchanged at S\$318.9 million. The Group's gross profit decreased marginally from S\$30.4 million in FY2015 to S\$29.7 million in FY2016. Overall, the Group's profit before income tax increased marginally from S\$3.0 million in FY2015 to S\$3.2 million in FY2016 as a result of reduction in administrative expenses and other operating expenses;
- (b) the Group's revenue increased from S\$263.3 million in FY2016 to S\$275.0 million in FY2017 mainly due to higher sales from the Group's Distribution Management Solutions ("**DMS**") business, resulting from an increase in the sale of handsets, wholesale of accessories and line connections for operators, offset by a decrease in revenue from the After Market Solutions ("**AMS**") business resulting from a decrease in repair volume. The Group's other income increased from S\$0.8 million from FY2016 to S\$2.4 million in FY2017, mainly due to interest income earned from loan extended to a third party and dividend income from investment securities. Overall, the Group's profit before income tax increased from S\$3.6 million in FY2016 to S\$4.9 million in FY2017 as a result of the increase in other operating income, and the reduction in administrative expenses and other operating expenses;
- (c) the Group recorded positive working capital of S\$54.7 million, S\$55.8 million and S\$36.5 million as at 31 December 2015, 31 December 2016 and 31 December 2017 respectively. The decrease in working capital as at 31 December 2017 was mainly due to a reduction in cash and bank balances resulting from the purchase of investment securities and property, plant and equipment, and loans provided to a third party;
- (d) the Group's equity attributable to owners of the Company has been on an upward trend from S\$62.6 million as at 31 December 2015 to S\$65.6 million as at 31 December 2017;
- (e) the Group recorded positive net cash from operating activities of S\$4.2 million, S\$3.6 million and S\$3.2 million in FY2015, FY2016 and FY2017 respectively; and
- (f) as at 31 December 2017, the Group's cash and cash equivalents amounted to S\$11.6 million.

We also note the following commentary in relation to the Group's outlook for the next reporting period and in the next 12 months as set out in the announcement of the Group's unaudited financial statements for the financial year ended 31 December 2017.

*"The Group's AMS, DMS and Digital Inkjet Printing for Out-of-Home Advertising Solutions ("**DPAS**") businesses have remained profitable in FY 2017 with disciplined cost and inventory management.*

The Group will continue to work closely with its principals and telecommunication operators to deliver positive results in FY 2018, though it is anticipated that competition will intensify in the telecommunication market with the entry of the fourth operator in Singapore this year.

The Group remains committed to build new revenue streams and will continue to explore investment opportunities to enhance shareholder value."

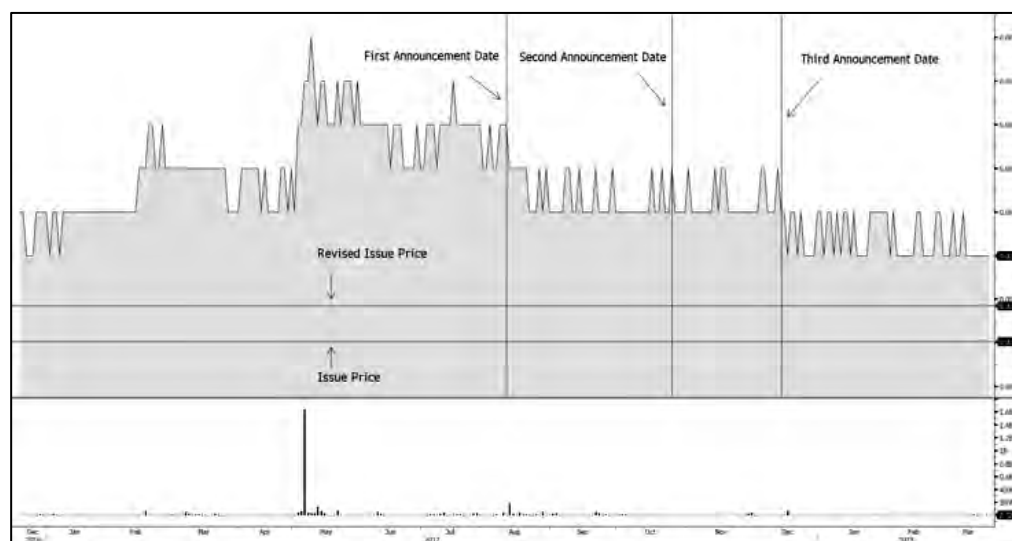
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5.4 Assessment of the Issue Price

In evaluating whether the Issue Price of S\$0.00188 for each Rights Share with Warrant is reasonable, we have considered the following factors:

5.4.1. Share price performance

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



Source: Bloomberg L.P.

The trading statistics of the Shares during the 12-month period prior to the date of the Third Announcement and up to the Latest Practicable Date are set out below:

	Lowest closing price (S\$)	Highest closing price (S\$)	Volume-weighted average price ("VWAP") (S\$)	Discount of Issue Price to VWAP (%)
For the periods prior to the Third Announcement date				
Last 12 months	0.003	0.008	0.006	68.67
Last 6 months	0.004	0.007	0.005	62.40
Last 3 months	0.004	0.005	0.004	53.00
Last one month	0.004	0.005	0.004	53.00
Last transacted price on 11 December 2017 (being the last full trading day of the Shares immediately preceding the date of the Third Announcement)	0.005	0.005	0.004	53.00
For the periods commencing on the Third Announcement date and up to the Latest Practicable Date				
From the Third Announcement and up to the Latest Practicable Date	0.003	0.004	0.003	37.33
Latest Practicable Date	0.003	0.003	0.003	37.33

Source: Bloomberg L.P.

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We note the following:

- (a) during the 12-month period prior to the Third Announcement, the closing prices of the Shares ranged between a low of S\$0.003 and a high of S\$0.008. The Issue Price represents a significant discount of 37.33% and 76.50% over the lowest closing price of the Shares of S\$0.003 and the highest closing price of the Shares of S\$0.008 respectively, over the 12-month period prior to the Third Announcement;
- (b) the Issue Price represents a significant discount of 68.67%, 62.40%, 53.00% and 53.00% to the VWAP of the Shares for the 12-, 6-, 3- and one-month periods prior to the Third Announcement respectively;
- (c) the Issue Price represents a significant discount of 62.40% to the closing price of the Shares of S\$0.005 on 11 December 2017, being the last full trading day of the Shares immediately preceding the date of the Third Announcement;
- (d) the Issue Price represents a significant discount of 37.33% to the VWAP of the Shares of S\$0.003 for the period commencing from the Third Announcement and up to the Latest Practicable Date;
- (e) the Issue Price represents a significant discount of 37.33% to the closing price of the Shares S\$0.003 as at the Latest Practicable Date; and
- (f) immediately following the Third Announcement, the Share price has trended towards the Issue Price even before the Shares have traded on an ex-rights basis.

5.4.2. NTA of the Group

Based on the audited financial statements of the Group as at 31 December 2017, the audited consolidated NTA attributable to owners of the Company amounted to S\$62,838,000 or approximately S\$0.00502 per Share based on 12,528,241,084 Shares as at 31 December 2017. Accordingly, the Issue Price represents a significant discount of 62.55% to the audited NTA per Share as at 31 December 2017.

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 as at 31 December 2017; and (b) there are no contingent liabilities or impairment losses which are likely to have a material impact on the audited NTA of the Group as at 31 December 2017.

5.4.3. Market statistics of selected rights issue

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares with and without free detachable warrants (excluding rights issue of warrants) by companies listed on the SGX-ST (the “**Comparable Transactions**”) announced during the 12-month period prior to the Third Announcement and which were completed prior to the Latest Practicable Date. The table below summarises the salient statistics of the Comparable Transactions:

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Company	Date of Announcement	Terms of the rights issue	Issue price of the rights shares	Theoretical ex-rights price ⁽¹⁾	Premium/ (Discount) to theoretical ex-rights price ⁽²⁾ (%)
Sino Grandness Food Industry Group Limited	13 December 2016	5 for 11	S\$0.2100	S\$0.2684	(21.77)
Sabana Shari'ah Compliant REIT	20 December 2016	42 for 100	S\$0.2580	S\$0.4319	(40.27)
Asiaphos Limited	30 December 2016	1 for 8 with 1 free warrant for every rights share ⁽³⁾	S\$0.0800	S\$0.0987	(18.92)
Lifibrandz Ltd.	24 January 2017	2 for 1 with 2 free warrants for every 2 rights shares ⁽³⁾	S\$0.0250	S\$0.0500	(50.00)
Ley Choon Group Holdings Limited	24 February 2017	1 for 1	S\$0.0150	S\$0.0315	(52.38)
Ascott Residence Trust	6 March 2017	29 for 100	S\$0.9190	S\$1.1136	(17.47)
3Cnergy Limited	13 March 2017	1 for 3 with 2 free warrants for every rights share ⁽³⁾	S\$0.0670	S\$0.0543	23.50
Nutryfarm International Limited	30 March 2017	1 for 2	S\$0.1000	S\$0.1800	(44.44)
Advanced Systems Automation Limited	31 March 2017	5 for 1	S\$0.0009	S\$0.0016	(43.16)
Pan-United Corporation Ltd.	3 May 2017	1 for 4	S\$0.4300	S\$0.6700	(35.82)
Koh Brothers Eco Engineering Limited	15 May 2017	2 for 5 with 1 free warrant for every rights share ⁽³⁾	S\$0.0550	S\$0.0807	(31.86)
Maxi-Cash Financial Services Corporation Ltd.	16 May 2017	1 for 6	S\$0.1700	S\$0.1803	(5.71)
Viking Offshore and Marine Limited	18 May 2017	2 for 5 with 1 free warrant for every 2 rights shares ⁽³⁾	S\$0.0180	S\$0.0244	(26.32)
Vashion Group Ltd.	25 May 2017	10 for 1 with 1 free warrant for every 2 rights shares ⁽³⁾	S\$0.0050	S\$0.0064	(21.43)

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China Medical (International) Group Limited	7 June 2017	3 for 1 with 1 free warrant for every rights share ⁽³⁾	S\$0.0010	S\$0.0020	(50.00)
CDL Hospitality Trusts	27 June 2017	20 for 100	S\$1.2800	S\$1.6133	(20.66)
CFM Holdings Limited	30 June 2017	6 for 7	S\$0.0150	S\$0.0231	(35.00)
Amplefield Limited	30 June 2017	3 for 1 with 2 free warrants for every 3 rights shares ⁽³⁾	S\$0.0500	S\$0.0508	(1.48)
Manulife US Real Estate Investment Trust	2 September 2017	41 for 100	US\$0.6950	US\$0.8865	(21.60)
Cache Logistics Trust	4 September 2017	18 for 100	S\$0.6320	S\$0.8422	(24.96)
Asia-Pacific Strategic Investments Limited	12 September 2017	2 for 1 with 1 free warrant for every rights share ⁽³⁾	S\$0.0030	S\$0.0033	(10.00)
CapitaLand Commercial Trust	21 September 2017	166 for 1000	S\$1.3630	S\$1.6477	(17.28)
CWX Global Limited	30 September 2017	1 for 1 with 1 free warrant for every 4 rights shares ⁽³⁾	S\$0.0090	S\$0.0115	(21.74)
Jubilee Industries Holdings Ltd.	11 October 2017	1 for 2 with 1 free warrant for every rights share ⁽³⁾	S\$0.0450	S\$0.0463	(2.88)
Vallianz Holdings Limited	6 November 2017	1 for 1 with 2 free warrants for every rights share ⁽³⁾	S\$0.0160	S\$0.0160	-
Maxi-Cash Financial Services Corporation Ltd.	9 November 2017	1 for 10	S\$0.1600	S\$0.1691	(5.38)

Highest discount	(52.38)
Mean	(24.82) ⁽⁴⁾
Median	(21.74) ⁽⁴⁾
Lowest discount/ Highest Premium	23.50

mDR Limited	12 December 2017	2 for 1 with 9 free warrants for every rights share ⁽³⁾	S\$0.00188	S\$0.00292 ⁽⁵⁾	(35.62)
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Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and SAC Capital's computations

Notes:

- (1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue on the market day immediately prior to the announcement of its rights issue.

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- (2) For the purpose of this illustration, the premium and/or discount are calculated based on the theoretical ex-rights price of the respective company, which does not take into account the issuance of warrants in its computation.
- (3) For the purpose of this illustration, we have not ascribed any value to the free warrants issued in conjunction with the rights issue of Asiaphos Limited, Lifebrandz Ltd., 3Cnergy Limited, Koh Brothers Eco Engineering Limited, Viking Offshore and Marine Limited, Vashion Group Ltd., China Medical (International) Group Limited, Amplefield Limited, Asia-Pacific Strategic Investments Limited, CWX Global Limited, Jubilee Industries Holdings Ltd., Vallianz Holdings Limited and the Company.
- (4) 3Cnergy Limited has been excluded as it is an outlier.
- (5) The theoretical ex-rights price is calculated based on the last transacted price of the Shares of S\$0.005 on 11 December 2017, being the last full trading day immediately preceding the date of the Third Announcement.

We note that the discount of the Issue Price to the theoretical ex-rights price of the Shares of 35.62% is:

- (a) within the range of corresponding premia/discounts for the Comparable Transactions of between a premium of 23.50% and a discount of 52.38%; and
- (b) above the corresponding mean and median discounts for the Comparable Transactions of 24.82% and 21.74% respectively.

Shareholders should note that the terms of the Comparable Transactions which has been extracted from publicly available information are unique and that these companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, any inference that can be drawn from the comparison between the terms of the Rights cum Warrants Issue and the Comparable Transactions is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

5.5 Valuation of the Warrants

The Warrants are issued free with the Rights Shares on the basis of nine (9) free detachable Warrants for every one (1) Rights Share validly subscribed. We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the Exercise Price *vis-à-vis* the current price of the underlying Shares, the life period of the Warrants, the nature of the call option as to whether it is a European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the Warrant), the risk free interest rate, the dividend yield of the Shares and the price volatility of the underlying Shares.

Based on the theoretical ex-rights price of the Shares of S\$0.00292 (based on the last transacted price of the Shares of S\$0.0050 on 11 December 2017, being the last full trading day immediately preceding the date of the Third Announcement), the price volatility of the Shares on the date of the Third Announcement (as provided by Bloomberg L.P.), and the following parameters for the Warrants, the theoretical value of the Warrants (being similar to an American call option) are as follows:

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	Exercise Price (S\$)	Maturity (months)	Risk-free interest rate (%) ⁽¹⁾	Dividend Yield (%) ⁽²⁾	Theoretical Value (S\$)
Tranche 1 Warrant	0.0010	6	1.30	2.08	0.00210
Tranche 2 Warrant	0.0011	18	1.42	2.08	0.00252
Tranche 3 Warrant	0.0070	36	1.50	2.08	0.00256

Notes:

- (1) The risk-free interest rates applied to the valuation of each tranche of Warrants are approximated by the yields of the relevant Singapore Government Securities with the corresponding maturities.
- (2) Based on the dividend of 0.01038 cents declared for FY2016 and the last transacted price of the Shares of S\$0.005 on 11 December 2017.

It should be noted that the theoretical value of the Warrants using the Black-Scholes model may not reflect the actual value of the Warrants to be transacted on the SGX-ST, and there can be no assurance that an active trading of the Warrants will ensue or will trade at or close to the theoretical value as suggested by the Black-Scholes model. Notwithstanding the theoretical value of the Warrants, Independent Shareholders should note that the Warrants are issued at no consideration.

5.6 Other Relevant Considerations

5.6.1. Conditionality of the resolutions on the Rights cum Warrants Issue, the Whitewash and the Proposed Diversification

Shareholders should note that:

- (a) Resolution 2 relating to the Whitewash Resolution is conditional upon Resolution 1, relating to the Rights cum Warrants Issue, being passed. This means that if Resolution 1 is not passed, Resolution 2 will not be duly passed; and
- (b) Resolution 1 relating to the Rights cum Warrants Issue is conditional upon Resolution 3, relating to the Proposed Diversification, being passed. This means that if Resolution 3 is not passed, Resolution 1 and consequently Resolution 2 will not be duly passed.

5.6.2. Implications of approval of the Whitewash Resolution

By voting in favour of the Whitewash Resolution, the Independent Shareholders will be waiving their rights to receive a mandatory general offer for all their Shares from the Undertaking Shareholder and his Concert Parties at the highest price paid by the Undertaking Shareholder and his Concert Parties for the Shares in the past 6 months preceding to the commencement of the Rights cum Warrants Issue.

Independent Shareholders should note that upon completion of the Rights cum Warrants issue, the Undertaking Shareholder and his Concert Parties may potentially own Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company, and the Undertaking Shareholder and his Concert Parties will be free to acquire further Shares without incurring any obligation under Rule 14.1 of the Code to make a mandatory general offer for the Company. In addition, in view of the potential dilutive effect of the Warrants, in

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particular the number of Warrants that may be held by the Undertaking Shareholder and his Concert Parties, potential investors may be discouraged from making a general takeover offer for the Company.

In addition, upon completion of the Rights cum Warrants Issue, the Undertaking Shareholder may potentially own more than 50% of the issued Shares and would be in a position to exercise statutory control of the Company. Statutory control will put the Undertaking Shareholder in a position to be able to pass all ordinary resolutions, and all special resolutions should his shareholding interests exceed 75%, on matters in which the Undertaking Shareholder does not have an interest and which are tabled for Shareholders' approval at a general meeting.

5.6.3. Potential dilution effect on the Independent Shareholders arising from the Rights cum Warrants Issue

As at the date of the Circular, the Undertaking Shareholder is a Controlling Shareholder holding 2,603,371,820 Shares, representing approximately 20.78% of the issued Shares. Pursuant to the Rights Issue and under the First Minimum Subscription Scenario, the Undertaking Shareholder may potentially hold shareholding interest of up to approximately 44.04% in the issued capital of the Company in the event that he subscribes for his *pro rata* entitlements in full and none of the other Shareholders subscribe. Assuming that all of the Warrants held by the Undertaking Shareholder are then exercised, his shareholding interest will then increase up to approximately 84.64% in the issued capital of the Company. Based on the First Minimum Subscription Scenario, the Independent Shareholders will face the maximum dilution. The collective shareholdings and voting rights of the Independent Shareholders would be diluted from approximately 79.22% as at the date of the Circular to approximately 15.36%.

Minimum Subscription Scenario	Number of Shares held as at the date of the Circular	Shareholding (%)	Assuming that only the Undertaking Shareholder subscribes for his <i>pro rata</i> entitlements in full and none of the other Shareholders subscribe for their rights entitlement		Assuming that all of the Warrants held by the Undertaking Shareholder is exercised	
			Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Edward Lee	2,603,371,820 ⁽¹⁾	20.78	7,810,115,460	44.04	54,670,808,220	84.64
Independent Shareholders	9,924,869,264	79.22	9,924,869,264	55.96	9,924,869,264	15.36
Total	12,528,241,084	100.00	17,734,984,724	100.00	64,595,677,484	100.00

Note:

(1) Edward Lee is directly interested in 100 Shares and deemed interested in 2,603,371,720 Shares held via nominee and financial institutions, out of which 1,418,000,000 Shares are held via joint account with his spouse, Ms. Zhang Yanmin.

We note that as at the Latest Practicable Date, the Company has 7,300,000 outstanding options resulting from its employee share option scheme (“ESOS”) approved by members of the Company at an extraordinary general meeting held on 13 January 2003. Each ESOS option carries the right to subscribe for one new Share. Exercise of the ESOS options prior to the Books Closure Date would entitle the option holders to participate in the Rights cum Warrants Issue. If exercised, the ESOS options represent approximately 0.06% of the share capital consisting of 12,528,241,084 issued shares.

All ESOS options have been vested, and if not exercised, will expire on 12 May 2018. Based on the market share price, as at the Latest Practicable Date, the ESOS

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options are “out-of-the-money” and are not likely to be exercised into new Shares for participation in the Rights cum Warrants Issue.

In the above scenario, the Company would be in a relatively less favourable position in the context of interest from potential parties seeking control of the Company or who may have intentions to acquire a significant interest or control of the Company, by virtue of the significant controlling stake held by the Undertaking Shareholder after the completion of the Rights cum Warrants Issue. Accordingly, it may be less likely for a third party to make a takeover offer for the Company without the support of the Undertaking Shareholder.

5.6.4. Financial effects of the Rights cum Warrants Issue

The financial effects of the Rights cum Warrants Issue on the Group have been set out in Section 4 of the Circular for illustrative purpose only and are not indicative of the actual financial performance or financial position of the Group immediately after the completion of the Rights cum Warrants Issue. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

We note the following:

Share Capital

- (a) Under the Maximum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S\$153,652,000 comprising 12,528,241,084 Shares as at 31 December 2017 to S\$200,758,000 comprising 37,584,723,252 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S\$884,800,000 comprising 263,093,062,764 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants;
- (b) Under the First Minimum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S\$153,652,000 comprising 12,528,241,084 Shares as at 31 December 2017 to S\$163,441,000 comprising 17,734,984,724 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S\$305,585,000 comprising 64,595,677,484 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and
- (c) Under the Second Minimum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S\$153,652,000 comprising 12,528,241,084 Shares as at 31 December 2017 to S\$156,379,000 comprising 13,978,689,104 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S\$156,577,000 comprising 14,176,359,469 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

NAV per Share

- (a) Under the Maximum Subscription Scenario, the NAV per Share of the Group would decrease from 0.52390 cents as at 31 December 2017 to 0.29904 cents after the completion of the Rights cum Warrants Issue (assuming that none of

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the Warrants are exercised) and increase to 0.30272 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants;

- (b) Under the First Minimum Subscription Scenario, the NAV per Share of the Group would decrease from 0.52390 cents as at 31 December 2017 to 0.42331 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.33627 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and
- (c) Under the Second Minimum Subscription Scenario, the NAV per Share of the Group would decrease from 0.52390 cents as at 31 December 2017 to 0.48655 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.48116 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

NTA per Share

- (a) Under the Maximum Subscription Scenario, the NTA per Share of the Group would decrease from 0.50157 cents as at 31 December 2017 to 0.29159 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and increase to 0.30166 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants;
- (b) Under the First Minimum Subscription Scenario, the NTA per Share of the Group would decrease from 0.50157 cents as at 31 December 2017 to 0.40754 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.33194 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and
- (c) Under the Second Minimum Subscription Scenario, the NTA per Share of the Group would decrease from 0.50157 cents as at 31 December 2017 to 0.46653 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.46142 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

EPS

- (a) Under the Maximum Subscription Scenario, the EPS of the Group would decrease from 0.03274 cents for FY2017 to 0.01091 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.00156 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants;
- (b) Under First Minimum Subscription Scenario, the EPS of the Group would decrease from 0.03274 cents for FY2017 to 0.02313 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.00635 cents assuming all the Warrants

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are exercised and there are no expenses incurred for the exercise of the Warrants; and

- (c) Under Second Minimum Subscription Scenario, the EPS of the Group would decrease from 0.03274 cents for FY2017 to 0.02934 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.02894 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

Gearing

- (a) Under the Maximum Subscription Scenario, the gearing of the Group would decrease from 0.10 times as at 31 December 2017 to 0.06 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.01 times assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants;
- (b) Under the First Minimum Subscription Scenario, the gearing of the Group would decrease from 0.10 times as at 31 December 2017 to 0.09 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.03 times assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and
- (c) Under the Second Minimum Subscription Scenario, the gearing of the Group would remain at 0.10 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and remain at 0.10 times assuming all the Warrants are exercised and there are no expenses incurred for the exercised of the Warrants.

5.6.5. Support from the Undertaking Shareholder

To show his support for the Rights cum Warrants Issue, the Undertaking Shareholder had provided an Irrevocable Undertaking to the Company to, amongst others, subscribe and pay for his *pro-rata* entitlements of 5,206,743,640 Rights Shares with Warrants under the Rights cum Warrants Issue. We believe that the Irrevocable Undertaking from Edward Lee underscores his support for the Rights cum Warrants Issue and demonstrates his commitment to and confidence in the prospects of the Group.

The Undertaking Shareholder had also indicated to the Company that, as further indication of his support and commitment to the Company and the Rights cum Warrants Issue, he intends to, subject to the Whitewash Waiver and the Excess Rights Whitewash Waiver being granted by the SIC and the Whitewash Resolution being approved by the Independent Shareholders at the EGM, make applications in excess of his *pro rata* entitlements, at his option and sole discretion, for the provisional allotments of Rights Shares with Warrants not taken up or allotted for any reason, subject to the maximum extent of his aggregate voting rights under the First Minimum Subscription Scenario.

Accordingly, the Undertaking Shareholder will not subscribe for excess Rights Shares with Warrants which will result in his aggregate voting rights exceeding, after close of the Rights cum Warrants Issue:

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- (a) 44.04% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder does not exercise any of the Warrants; and
- (b) 84.64% of the enlarged share capital of the Company after the Rights cum Warrants Issue, assuming that the Undertaking Shareholder exercises all of the Warrants.

5.6.6. Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights cum Warrants Issue. Having considered that (i) the Property Business is capital intensive in nature and that financing from financial institutions may not be available or on terms favourable to the Company, (ii) the use of bank borrowings from financial institutions or debt issuance alone to fund the Proposed Diversification will further increase the Group's gearing and incur additional interest expenses, and (iii) other fund-raising options such as private share placements are dilutive to Shareholders and would typically be at a discount to the market price, the Directors have determined that the Rights cum Warrants Issue would be a more suitable funding solution for the Company and its Shareholders that would strengthen the financial position and capital base of the Group.

6. OUR OPINIONS AND ADVICE

In arriving at our advice in respect of the Whitewash Resolution, we have taken into account the following key considerations:

- (a) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (c) the historical financial information of the Group;
- (d) the assessment of the Issue Price;
- (e) the valuation of the Warrants; and
- (f) the other relevant considerations.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that, from a financial point of view, the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Independent Directors to recommend the Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

Our opinions and advice are addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Whitewash Resolution. The recommendation to be made by the Independent Directors to the Independent Shareholders shall remain their responsibility. Whilst a copy of this letter may be reproduced in this Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part

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thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital Private Limited in each specific case, except for the forthcoming EGM and for the purpose of the Whitewash Resolution.

Our opinions and advice are governed by, and construed in accordance with, the laws of Singapore. Our opinions and advice 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
Director

Foo Siang Sheng
Manager

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

The warrants (“**Warrants**”) to subscribe for new ordinary shares (“**Warrant Shares**”) in the capital of **MDR LIMITED** (“**Company**”) are issued in conjunction with the renounceable non-underwritten rights cum warrants issue of up to 25,056,482,168 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.00188 for each Rights Share with up to 225,508,339,512 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price (as defined below) for each Warrant Share, on the basis of two (2) Rights Shares for one (1) existing share in the capital of the Company held by entitled shareholders and nine (9) free Warrants for every one (1) Rights Share validly subscribed as at the books closure date, fractional entitlements being disregarded.

The Warrants are subject to and have the benefit of a deed poll to be executed by the Company (the “**Deed Poll**”).

The statements in these terms and conditions of the Warrants (“**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Deed Poll. Copies of the Deed Poll will be made available for inspection at the registered office for the time being of the Company and at the specified office for the time being of the warrant agent referred to in Condition 4.7 (“**Warrant Agent**”) and the holders of the Warrants (“**Warrantholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed Poll.

1. Definitions

For the purposes of these Conditions, unless otherwise stated or the context otherwise requires, terms defined in the Deed Poll shall have the same meanings when used in these Conditions. In addition:

“**Act**” means the Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time;

“**Business Day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks in Singapore, the SGX-ST, CDP and the Warrant Agent are open for business;

“**CDP**” means The Central Depository (Pte) Limited;

“**CPF**” means the Central Provident Fund;

“**CPF Act**” means the Central Provident Fund Act (Chapter 36) of Singapore, as may be amended, modified or supplemented from time to time;

“**CPF Approved Bank**” means any bank appointed by the CPF Board to be a bank for the purposes of the CPF Regulations;

“**CPF Board**” means the board of the CPF established pursuant to the CPF Act;

“**CPF Investment Account**” means an account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, *inter alia*, payment of the Exercise Price arising from the exercise of each Warrant;

“**CPF Regulations**” means the Central Provident Fund (Investment Schemes) Regulations, as may be amended, modified or supplemented from time to time;

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

“**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore;

“**Directors**” mean the directors for the time being of the Company;

“**Exercise Date**” means, in relation to the exercise of a Warrant, the Business Day (falling within the Exercise Period), on which the applicable conditions referred to in Condition 4.1 are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, Provided That if any such day falls during a period when the Register of Warrantheolders is closed, then the “**Exercise Date**” shall be the next Business Day on which the Register of Warrantheolders is open;

“**Exercise Notice**” means a notice (for the time being current and as the same may be modified or amended from time to time) for the exercise of the Warrants, copies of which may be obtained from the Warrant Agent;

“**Exercise Period**” means the period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of:

- (a) in respect of the Tranche 1 Warrants, the six (6)-month period from the date of issue of the Warrants;
- (b) in respect of the Tranche 2 Warrants, the 18-month period from the date of issue of the Warrants; and
- (c) in respect of the Tranche 3 Warrants, the 36-month period from the date of issue of the Warrants,

unless such date is a date on which the Register of Members and/or Register of Warrantheolders of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantheolders may be closed pursuant to Condition 4.6);

“**Exercise Prices**” and each an “**Exercise Price**” means:

- (a) in respect of the Tranche 1 Warrants, S\$0.0010 per Warrant;
- (b) in respect of the Tranche 2 Warrants, S\$0.0011 per Warrant; and
- (c) in respect of the Tranche 3 Warrants, S\$0.0070 per Warrant,

subject to adjustment in accordance with Condition 5;

“**Expiration Date**” means the last day of the relevant Exercise Periods, being:

- (a) in respect of the Tranche 1 Warrants, the last day of the six (6)-month period from the date of issue of the Warrants;
- (b) in respect of the Tranche 2 Warrants, the last day of the 18-month period from the date of issue of the Warrants; and

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

(c) in respect of the Tranche 3 Warrants, the last day of the 36-month period from the date of issue of the Warrants,

provided that if such date falls on a day on which the Register of Warrantholders is closed or which is not a Market Day, then the Market Day immediately preceding such date (as the case may be) shall be the Expiration Date;

"Last Dealt Price" means, in relation to a Share on a relevant Market Day, the last dealt price per Share for one (1) or more board lots of Shares on that Market Day on which there is trading of the Shares on the SGX-ST;

"Market Day" means a day on which the SGX-ST is open for trading in securities in Singapore;

"Register of Warrantholders" means the register of Warrantholders required to be maintained pursuant to Condition 4.6;

"S\$" means the lawful currency of Singapore;

"SGX-ST" means the Singapore Exchange Securities Trading Limited;

"Securities Account" means a securities account maintained by a Depositor with CDP but does not include a securities sub-account;

"Share Registrar" means Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, or such other person, firm or company as may be appointed as such from time to time by the Company;

"Special Account" means the account maintained by the Company with a bank in Singapore for the purpose of crediting monies paid by exercising Warrantholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warrantholders;

"Tranche 1 Warrants" means up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0010 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the entitled Shareholders under the Rights cum Warrants Issue, fractional entitlements to be disregarded;

"Tranche 2 Warrants" means up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0011 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the entitled Shareholders under the Rights cum Warrants Issue, fractional entitlements to be disregarded;

"Tranche 3 Warrants" means up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0070 for each Warrant Share, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the entitled Shareholders under the Rights cum Warrants Issue, fractional entitlements to be disregarded;

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"unexercised" means, in relation to the Warrants, all the Warrants which have been issued pursuant to the Resolutions and all the Warrants which are issued pursuant to Condition 5 for so long as the Warrants shall not have lapsed in accordance with Condition 3 other than (a) those which have been exercised in accordance with their terms, (b) those mutilated or defaced Warrants in respect of which replacement Warrants have been duly issued pursuant to Condition 9, and (c) for the purpose of ascertaining the number of Warrants unexercised at any time (but not for the purpose of ascertaining whether any Warrants are unexercised), those Warrants alleged to have been lost, stolen or destroyed and in respect of which replacement Warrants have been issued pursuant to Condition 9; Provided That for the purposes of (i) the right to attend and vote at any meeting of Warrantholders and (ii) the determination of how many and which Warrants for the time being remain unexercised for the purposes of Condition 11 and paragraphs 1, 3, 4 and 8 of Schedule 2 of the Deed Poll, those Warrants which have not been exercised but have been lodged for exercise (whether or not the conditions precedent to such exercise have been or will be fulfilled) shall, unless and until withdrawn from lodgement, be deemed not to remain unexercised;

"Warrant Agency Agreement" means the Warrant Agency Agreement dated the same date as the Deed Poll appointing, *inter alia*, the Warrant Agent, as the same may be modified from time to time by the parties thereto, and includes any other agreement (whether made pursuant to the terms of the Warrant Agency Agreement or otherwise) appointing further or other Warrant Agents or amending or modifying the terms of any such appointment;

"Warrant Agent" means Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, or such other entity as may be appointed as such from time to time pursuant to the Warrant Agency Agreement;

"Warrant Certificates" means the certificates (in registered form) to be issued in respect of the Warrants of the relevant tranche in or substantially in the form set out in Schedule 1 of the Deed Poll, as from time to time modified in accordance with the provisions set out herein;

"Warrantholders" means the registered holders of the Warrants, except that where the registered holder is CDP, the term **"Warrantholders"** shall, in relation to such Warrants registered in the name of CDP and where the context admits, include the persons named as Depositors in the Depository Register maintained by the CDP whose Securities Accounts are credited with those Warrants, Provided That for the purposes of Schedule 2 of the Deed Poll relating to meetings of Warrantholders, such Warrantholders shall mean those persons named as Depositors in the Depository Register maintained by CDP having Warrants credited to their Securities Accounts as shown in the records of CDP as at a time not earlier than 72 hours prior to the time of a meeting of Warrantholders supplied by CDP to the Company. The word **"holder"** or **"holders"** in relation to Warrants shall (where appropriate) be construed accordingly; and

"Warrants" means the free detachable warrants to be issued pursuant to the Resolutions (comprising the Tranche 1 Warrants, the Tranche 2 Warrants and the Tranche 3 Warrants) and the additional warrants to be issued pursuant to Condition 5 and for the time being remaining unexercised or, as the context may require, a specific number thereof and includes any replacement Warrant issued pursuant to Condition 9.

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

2. Form and Title

2.1 The Warrants are issued in registered form. Title to the Warrants will be transferable in accordance with Condition 8. The Warrant Agent will maintain the Register of Warranholders on behalf of the Company and except as may be ordered by a court of competent jurisdiction or as may be required by law:

- (a) the registered holder of Warrants (other than CDP); and
- (b) (where the registered holder of Warrants is CDP) each Depositor for the time being appearing in the Depository Register maintained by CDP as having Warrants credited to its Securities Account(s),

will be deemed to be and be treated as the absolute owner thereof and the holder of the rights and interests in the number of Warrants so entered (whether or not the Company shall be in default in respect of the Warrants or its covenants contained in the Deed Poll or these Conditions and notwithstanding any notice of ownership or writing hereon or notice of any previous loss, theft or forgery of the relevant Warrant Certificate, or any irregularity or error in the records of CDP or any express notice to the Company or Warrant Agent or any other related matters) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

2.2 The executors and administrators of a deceased Warranholder shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warranholder. Such persons shall, on producing to the Warrant Agent such evidence as may be reasonably required by the Warrant Agent to prove their title and on the payment of such fees and expenses referred to in Condition 8, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warranholder could have made.

2.3 If two (2) or more persons are entered into the Register of Warranholders or the Depository Register (as the case may be) as joint holders of any Warrant, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the following provisions:

- (a) the Company shall not be bound to register more than two (2) persons as the registered joint holders of any Warrant but this provision shall not apply in the case of executors or administrators (or trustees) of a deceased Warranholder;
- (b) joint holders of any Warrant whose names are entered into the Register of Warranholders or the Depository Register (as the case may be) shall be treated as one (1) Warranholder;
- (c) the Company shall not be bound to issue more than one (1) Warrant Certificate for a Warrant registered jointly in the names of several persons and delivery of a Warrant Certificate to the joint holder whose name stands first in the Register of Warranholders shall be sufficient delivery to all; and
- (d) the joint holders of any Warrant whose names are entered into the Register of Warranholders or the Depository Register (as the case may be) shall be liable jointly and severally in respect of all payments which ought to be made in respect of such Warrant or the exercise of such Warrant.

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3. Exercise Rights

- 3.1 Each Warrantholder shall have the right, by way of exercise of a Warrant, at any time during normal business hours on any Business Day during the applicable Exercise Period in the manner set out in Condition 4 and otherwise on the terms and subject to these Conditions, to subscribe for one (1) Warrant Share at the applicable Exercise Price, subject to adjustments in accordance with Condition 5, on the Exercise Date applicable to such Warrant. The Exercise Price shall, on the Exercise Date, be applied towards payment for the Warrant Share to be issued on the exercise of the relevant Warrant. Each Warrant shall, following its exercise in accordance with these Conditions, be cancelled by the Company. No payments shall be refunded and no fraction of a Share shall be allotted.
- 3.2 At the expiry of the relevant Exercise Period, any Warrants which have not been exercised in accordance with Condition 4 will lapse and cease to be valid for any purpose. The right to exercise the Warrants will not be extended beyond the relevant Expiration Date.
- 3.3 Any Warrant in respect of which the Exercise Notice shall not have been duly completed and delivered in the manner set out below under Condition 4 to the Warrant Agent on or before 5.00 p.m. on the relevant Expiration Date for a Warrant shall be rendered void.

4. Procedure for Exercise of Warrants

4.1 Lodgment Conditions

- 4.1.1 In order to exercise one (1) or more Warrants, a Warrantholder must, before 3.00 p.m. on any Business Day prior to the relevant Expiration Date and before 5.00 p.m. on the relevant Expiration Date, fulfil all the following conditions:-
- (a) lodgment of the relevant Warrant Certificate registered in the name of the exercising Warrantholder or CDP (as the case may be) for exercise at the specified office for the time being of the Warrant Agent together with the Exercise Notice (copies of which may be obtained from the Warrant Agent or the Company) in respect of the Warrants represented thereby, duly completed and signed by or on behalf of the exercising Warrantholder and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with the production of the Global Warrant Certificate where such Warrants being exercised are registered in the name of CDP;
 - (b) the furnishing of such evidence (if any) as the Warrant Agent may require to determine the due execution of the Exercise Notice by or on behalf of the exercising Warrantholder (including every joint Warrantholder, if any) or otherwise to ensure the due exercise of the Warrants and such other evidence as the Company may require to verify due compliance for the purposes of administering and implementing the provisions set out in these Conditions;
 - (c) the payment or satisfaction of the applicable Exercise Price in accordance with the provisions of Condition 4.2 below;
 - (d) the payment of deposit or other fees for the time being chargeable by, and payable to, CDP (if any) or any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrants as the Warrant Agent may require; and

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

- (e) if applicable, the payment of any fees for certificates for the Warrant Shares to be issued, the submission of any necessary documents required in order to effect, and pay the expenses of, the registration of the Warrant Shares in the name of the exercising Warrantholder or CDP (as the case may be) and the delivery of certificates for the Warrant Shares upon exercise of the relevant Warrants to the place specified by the exercising Warrantholder in the Exercise Notice or to CDP (as the case may be).
- 4.1.2 Any exercise by a Warrantholder in respect of Warrants registered in the name of CDP shall be further conditional on that number of Warrants so exercised being credited to the “Free Balance” of the Securities Account(s) of the exercising Warrantholder and remaining so credited until the relevant Exercise Date and on the exercising Warrantholder electing in the Exercise Notice to have the delivery of the Warrant Shares arising from the exercise of the relevant Warrants to be effected by crediting such Warrant Shares to the Securities Account(s) of the exercising Warrantholder, or, in the case where funds standing to the credit of a CPF Investment Account are to be used for the payment of the Exercise Price arising from the exercise of each Warrant, by crediting such Warrant Shares to the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, failing which the Exercise Notice shall be void and all rights of the exercising Warrantholder and of any other person thereunder shall cease.
- 4.1.3 An Exercise Notice which does not comply with the conditions above shall be void for all purposes. Warrantholders whose Warrants are registered in the name of CDP irrevocably authorise the Company and the Warrant Agent to obtain from CDP and to rely upon such information and documents as the Company or the Warrant Agent deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Agent may require in accordance with these Conditions and the Deed Poll and to take such steps as may be required by CDP (including steps set out in CDP’s procedures for the exercise of warrants as set out in its website <http://www1.cdp.sgx.com> or such other website, as amended from time to time) in connection with the operation of the Securities Account of any Warrantholder Provided That the Company and the Warrant Agent shall not be liable in any way whatsoever for any loss or damage incurred or suffered by the Warrantholder as a result of or in connection with reliance by the Company, the Warrant Agent or any other persons upon the records of and information supplied by CDP.
- 4.1.4 Once all the conditions in this Clause 4.1 (where applicable) have been fulfilled, the relevant Warrant Certificate(s) (if any), the Exercise Notice and any monies tendered in or towards payment of the applicable Exercise Price in accordance with Condition 4.2 below may not be withdrawn without the consent in writing of the Company.

4.2 Payment of the applicable Exercise Prices

Payment of the applicable Exercise Prices shall be made:-

- (a) to the specified office of the Warrant Agent by way of:
- (i) a remittance in Singapore currency by banker’s draft or cashier’s order drawn on a bank operating in Singapore in favour of the Company;
 - (ii) subject to the Warrants being listed on the Mainboard of the SGX-ST, by debiting the relevant Warrantholder’s CPF Investment Account with the

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

CPF Approved Bank as specified in the Exercise Notice, for the credit of the Special Account ; or

- (iii) subject to the Warrants being listed on the Mainboard of the SGX-ST, partly in the form of remittance stated in (i) above and/or partly by debiting such Warrantholder's CPF Investment Account with his CPF Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/ or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the applicable Exercise Price payable in respect of the Warrant(s) exercised,

for the full amount of the applicable Exercise Price payable in respect of the Warrants exercised, Provided That any such remittance shall be accompanied by the delivery to the Warrant Agent of the payment advice referred to in Condition 4.2(b) and shall comply with any exchange control or other statutory requirements for the time being applicable; and

- (b) free of any foreign exchange commissions, remittance charges or any other deductions and shall be accompanied by a payment advice containing:-
 - (i) the name of the exercising Warrantholder;
 - (ii) the number of Warrants exercised; and
 - (iii) the certificate numbers of the relevant Warrant Certificates or, if the relevant Warrant Certificates are registered in the name of CDP, the Securities Account(s) of the exercising Warrantholder which is to be debited with the Warrants being exercised.

Notwithstanding that CPF members may use their savings in the CPF Ordinary Account (subject to the availability of investible savings) for the payment of the Exercise Price upon exercise of the Warrants (in which case the Warrant Shares arising therefrom will be held through the CPF Investment Account), CPF members are not permitted to use the CPF Funds to:

- (a) purchase the provisional allotments of Rights Shares with Warrants directly from the market; and/or
- (b) purchase the Warrants directly from the market (the listing thereof subject to there being a sufficient spread of holdings).

If the payment of the applicable Exercise Price fails to comply with the foregoing provisions, the Warrant Agent may, at its absolute discretion and without liability on behalf of itself or the Company, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may accordingly be delayed or treated as invalid. If the relevant payment received by the Warrant Agent in respect of an exercising Warrantholder's purported payment of the applicable Exercise Price relating to all the relevant Warrants lodged with the Warrant Agent is less than the full amount of such Exercise Price, the Warrant Agent shall not treat the relevant payment so received or any part thereof as payment of the applicable Exercise Price or any part thereof and, accordingly, the whole of such relevant payment shall remain in the Special Account (subject to Condition 4.4 below) unless and until a further payment is made in accordance with the requirements set out above in this Condition 4.2 in an amount sufficient

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to cover the deficiency. Neither the Company nor the Warrant Agent shall be held responsible for any loss arising from the retention of any such payment by the Company or the Warrant Agent.

Payment of the applicable Exercise Prices received by the Warrant Agent will be deposited by the Warrant Agent to the Special Account in accordance with the Warrant Agency Agreement in payment for the Warrant Shares to be delivered in consequence of the exercise of such Warrants.

4.3 Exercise Date

A Warrant shall be treated as exercised on the Exercise Date relating to that Warrant.

4.4 Special Account

Payment of the applicable Exercise Prices received by the Warrant Agent shall be deposited to the Special Account after the Exercise Date relating to the relevant Warrants in payment for the Warrant Shares to be delivered in consequence of the exercise of such Warrants. The relevant Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to the Global Warrant Certificate(s) in the name of CDP, the number of Warrants represented by the Global Warrant Certificate(s) registered in the name of CDP shall be deemed to have been reduced for all purposes by the number of Warrants so exercised. The original Global Warrant Certificate(s) shall be cancelled and replaced with new Global Warrant Certificate(s) representing the Warrants that are held through CDP which remain unexercised, as soon as possible after receipt by the Warrant Agent from CDP of the original Global Warrant Certificate(s), accompanied by instructions from CDP as to the cancellation of such original Global Warrant Certificate(s) in *lieu* of the new Global Warrant Certificate(s).

If such payment is made to the Warrant Agent and such payment is not recognised by the Warrant Agent as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount of the applicable Exercise Price of the relevant Warrants, or the conditions set out in Condition 4.1 have not by then all been fulfilled in relation to the exercise of such Warrants, such payment will remain in the Special Account pending recognition of such payment or full payment or, fulfilment of the lodgment conditions, as the case may be, but on whichever is the earlier of:

- (a) the 14th day after receipt of such Exercise Notice by the Warrant Agent; and
- (b) the Expiration Date,

such payment will (if the Exercise Date in respect of such Warrant(s) has not by then occurred) be returned, without interest, to the person who remitted such payment.

The Warrant Agent will, if it is possible to relate the payment so returned to any Warrant Certificates (if applicable) and the relevant Exercise Notice previously lodged with the Warrant Agent, return such Warrant Certificates (if applicable) and the relevant Exercise Notice together with such payment, after receipt of the same from the Company, to the exercising Warranholder at the risk and expense of such Warranholder. The Company will, upon receipt of notification from the Warrant Agent of any unsuccessful exercise of Warrants, forward such payment to the Warrant Agent for it to be returned to the exercising Warranholder. The Company and the Warrant Agent will be entitled to deduct or otherwise recover from the exercising Warranholder any applicable handling charges and out-of-pocket

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expenses of the Warrant Agent. So long as any particular payment remains credited to the Special Account and the relevant Exercise Date has not occurred, it will (but excluding any interest accrued thereon) continue to belong to the exercising Warrantholder but it may only be withdrawn within the abovementioned 14 day period with the consent in writing of the Company.

4.5 Allotment of Warrant Shares and Issue of Balancing Warrant Certificates

A Warrantholder exercising Warrants which are registered in the name of CDP must elect in the Exercise Notice to have the delivery of Warrant Shares arising from the exercise of such Warrants to be effected by crediting such Warrant Shares to the Securities Account of such Warrantholder or, as the case may be, the nominee company of the CPF Approved Bank as specified in the Exercise Notice within five (5) Market Days of the date on which the Warrant Agent confirms with the Depository that the Warrants which have been tendered for exercise are available for exercise in the relevant Securities Account of the exercising Warrantholder.

A Warrantholder exercising Warrants registered in his own name may elect in the Exercise Notice to either receive physical share certificates in respect of the Warrant Shares arising from the exercise of such Warrants or to have the delivery of such Warrant Shares effected by crediting such Warrant Shares to his Securities Account, or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice (in which case, such Warrantholder shall also duly complete and deliver to the Warrant Agent such forms as may be required by CDP), failing which such exercising Warrantholder shall be deemed to have elected to receive physical share certificates in respect of such Warrant Shares at his address specified in the Register of Warrantholders.

The Company shall allot and issue the Warrant Shares arising from the exercise of the relevant Warrants by a Warrantholder in accordance with the instructions of such Warrantholder as set out in the Exercise Notice and:

- (a) where such Warrantholder has (or is deemed to have) elected in the Exercise Notice to receive physical share certificates in respect of the Warrant Shares arising from the exercise of the relevant Warrants, the Company shall despatch, as soon as practicable but in any event not later than five (5) Business Days after the relevant Exercise Date, by ordinary post to the address specified in the Exercise Notice and at the risk of such Warrantholder, the certificates relating to such Warrant Shares registered in the name of such Warrantholder; and
- (b) where such Warrantholder has elected in the Exercise Notice to have the delivery of Warrant Shares arising from the exercise of the relevant Warrants to be effected by the crediting of the Securities Account of such Warrantholder as specified in the Exercise Notice or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, the Company shall despatch, as soon as practicable but not later than five (5) Business Days after the relevant Exercise Date, the certificates relating to such Warrant Shares in the name of, and to, CDP for the credit of the Securities Account of such Warrantholder as specified in the Exercise Notice or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice.

Where a Warrantholder exercises part only (but not all) of the subscription rights represented by Warrants registered in his name, the Company shall despatch the relevant balancing Warrant Certificate(s) in the name of the exercising Warrantholder in respect of any Warrants

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remaining unexercised by ordinary post to the address specified in the relevant Exercise Notice (or failing which, to his address specified in the Register of Warrantholders) and at the risk of that Warrantholder at the same time as it delivers, in accordance with the relevant Exercise Notice, the share certificate(s) relating to the Warrant Shares arising upon exercise of such Warrants.

Where the Warrantholder exercises part only (and not all) of the subscription rights represented by the Warrants registered in the name of CDP, the number of Warrants represented by the Global Warrant Certificate(s) registered in the name of CDP shall be deemed to have been reduced for all purposes by the number of Warrants so exercised.

The Warrant Shares will rank for any dividends, rights, allotments or other distributions, the record date for which shall fall on or after the date of issue of the Warrant Shares. Subject as aforesaid, the Warrant Shares shall rank *pari passu* in all other respects with the then existing Shares. For the purpose of this Condition 4.5, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date on which, as at the close of business (or such other time in accordance with market practice as may have been notified in writing by the Company), Shareholders must be registered with the Company or, in the case of Shareholders whose Shares are registered in the name of CDP, with CDP, in order to participate in such dividends, rights, allotments or other distributions. For the avoidance of doubt, in respect of Warrant Shares to be issued and credited to the Securities Account of the Warrantholder or, as the case may be, the nominee company of the CPF Approved Bank as specified in the Exercise Notice upon the exercise of the Warrants, the date of issue of the Warrant Shares shall be the date on which such Warrant Shares are credited to the relevant Securities Account.

4.6 Register of Warrantholders

The Warrant Agent will maintain the Register of Warrantholders containing particulars of the Warrantholders, and such other information relating to the Warrants as the Company may require. The Register of Warrantholders (and, with the approval of CDP, the Depository Register), may be closed during such periods when the Register of Transfers and/or Register of Members of the Company is deemed to be closed and during such periods as the Company may determine. Notice of each closure of the Register of Warrantholders and (if applicable) the Depository Register will be given to the Warrantholders in accordance with Condition 12.

Where Warrants are held through CDP, the registered holder of such Warrants in the Register shall be CDP.

Except as required by law or as ordered by a court of competent jurisdiction, the Company and the Warrant Agent shall be entitled to rely on the Register of Warrantholders (where the registered holder of a Warrant is a person other than CDP) or the Depository Register (where CDP is the registered holder of a Warrant) or any statement or certificate issued by CDP to the Company or any Warrantholder (as made available to the Company and/or the Warrant Agent) to ascertain the identity of the Warrantholders, the number of Warrants to which any such Warrantholders are entitled, to give effect to the exercise of the subscription rights constituted by the Warrants and for all other purposes in connection with the Warrants (whether or not the Company shall be in default in respect of the Warrants or any of the terms and conditions contained herein or in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft or forgery of the relevant Warrant Certificate or any express notice to the Company or Warrant Agent or any other related matter).

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4.7 Warrant Agent and Share Registrar

The name(s) of the initial Warrant Agent and Share Registrar and their respective specified offices are set out below. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Agent or the Share Registrar and to appoint an additional or another Warrant Agent or Share Registrar, Provided That it will at all times maintain a Warrant Agent having a specified office in Singapore so long as the Warrants are outstanding. Notice of any such termination or appointment and of any changes in the specified offices of the Warrant Agent or the Share Registrar will be given to the Warrantholders in accordance with Condition 12.

Name and office of initial Warrant Agent and Share Registrar:

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place # 32-01 Singapore Land Tower
Singapore 048623

Except as required by law:-

- (a) the person in whose name a Warrant is registered (other than CDP); and
- (b) (where a Warrant is registered in the name of CDP) the Depositor for the time being appearing in the Depository Register maintained by CDP as having such Warrant credited to his Securities Account,

will be deemed and treated as the absolute owner of that Warrant (whether or not the Company shall be in default in respect of the Warrants or any of the terms and conditions contained herein or in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft or forgery of the relevant Warrant Certificate or any express notice to the Company or Warrant Agent or any other related matter) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

5. **Adjustments of Applicable Exercise Prices and Number of Warrants**

5.1 The Exercise Price of a Warrant and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with the auditors of the Company or a third party independent financial adviser appointed by the Company. The Exercise Price of a Warrant and the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:

- (a) any consolidation or subdivision of the Shares (including a subdivision by way of a bonus issue by the Company of Shares without capitalisation of profits or reserves);
- (b) an issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);

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- (c) a Capital Distribution (as defined in Condition 5.2(c) below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (d) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (e) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights, requiring an adjustment under Condition 5.2(d), and other than an issue of Shares to Shareholders who elect to receive Shares in *lieu* of cash or other dividend) by the Company of Shares, if the Total Effective Consideration (as defined in Condition 5.2(e) below) for each Share is less than ninety per cent. (90%) of the Last Dealt Price for each Share (calculated as provided below).

5.2 Subject to these Conditions and the Deed Poll, the Exercise Price of a Warrant and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two (2) or more of Conditions 5.1(a) to 5.1(e) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be) shall determine):-

- (a) If, and whenever, consolidation or subdivision of the Shares occurs, the Exercise Price of a Warrant shall be adjusted in the following manner:-

$$\text{New applicable Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants of that tranche shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants of that tranche} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision;

X = existing applicable Exercise Price; and

W = existing number of Warrants of that tranche held.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

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- (b) If, and whenever, the Company shall make any issue of Shares to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price of a Warrant and the number of Warrants of that tranche shall be adjusted in the following manner:-

$$\text{New applicable Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants of that tranche} = \frac{A + B}{A} \times W$$

where:-

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders (other than an allotment of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

X = as in X above; and

W = as in W above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of this Condition 5, “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered as such to participate therein.

- (c) If, and whenever:-
- (i) the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) the Company shall make any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights,

then the Exercise Price of a Warrant shall be adjusted in the following manner:-

$$\text{New applicable Exercise Price} = \frac{C - D}{C} \times X$$

and in respect of each case referred to in Condition 5.2(c)(ii) above, the number of Warrants of that tranche held by each Warrantholder shall be adjusted in the following manner:-

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$$\text{Adjusted number of Warrants of that tranche} = \frac{C}{C - D} \times W$$

where:-

C = the Last Dealt Price on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, any offer or invitation referred to in Condition 5.2(c)(ii) above, is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the Capital Distribution or as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under Condition 5.2(c)(ii) above, the value of the rights attributable to one (1) Share (as defined below); or (ii) in the case of any other transaction falling within Condition 5.2(c) above, the fair market value, as determined by the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be), of that portion of the Capital Distribution or of the nil-paid rights attributable to one (1) Share;

X = as in X above; and

W = as in W above.

For the purposes of definition (i) of “D” above, the “**value of the rights attributable to one (1) Share**” shall be calculated in accordance with the formula:-

$$\frac{C - Z}{Q + 1}$$

where:-

C = as in C above;

Z = the subscription price for one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and

Q = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share by way of rights.

For the purposes of these Conditions, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 5.2(b)) or other securities (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully or partly paid-up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before the date of

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such distribution and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue pursuant to Condition 5.2(c)(i).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for the above transactions for such issue pursuant to Condition 5.2(c)(ii).

For the purposes of this Condition 5.2, “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

- (d) If, and whenever, the Company makes any allotment to its Shareholders as provided in Condition 5.2(b) and also makes any offer or invitation to its Shareholders as provided in Condition 5.2(c)(ii) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price of a Warrant and the number of Warrants of that tranche held by each Warrantholder shall be adjusted in the following manner:-

$$\begin{aligned} \text{New applicable Exercise Price} &= \frac{(I \times C) + (J \times Z)}{(I + J + B) \times C} \quad \times \quad X \\ \\ \text{Adjusted number of Warrants} &= \frac{(I + J + B) \times C}{(I \times C) + (J \times Z)} \quad \times \quad W \\ \text{of that tranche} & \end{aligned}$$

where:-

I = the aggregate number of issued and fully paid-up Shares on the record date;

C = as in C above;

J = the aggregate number of Warrant Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

Z = as in Z above;

B = as in B above;

X = as in X above; and

W = as in W above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for such offer or invitation.

- (e) If, and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Conditions 5.2(c)(ii) or 5.2(d)

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and other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend), the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than 90% of the Last Dealt Price on the SGX-ST on five (5) Market Days before the date on which the issue price of such Shares is determined, or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price of a Warrant shall be adjusted in the following manner:-

$$\text{New applicable Exercise Price} = \frac{K + L}{K + M} \times X$$

where:-

K = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Last Dealt Price for the five (5) Market Days before the date on which the issue price of such Shares is determined (exclusive of expenses);

M = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of Conditions 5.1(e) and 5.2(e), the “**Total Effective Consideration**” shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

In the event any adjustment to the Exercise Price of a Warrant and/or the number of Warrants of that tranche held by each Warrantholder is proposed or required to be made pursuant to these Conditions, the relevant party or parties, in exercising or making any discretion, consideration or determination (if applicable) shall, subject to any changes to, supplements, modifications and/or amendments of the accounting standards applicable to the Company from time to time, take into account or have reference to the general principle and intent, which is based on accounting standards applicable to the Company as at the date of the Deed Poll, that such adjustment shall, to the extent possible or permitted, be made in such manner such that the per share value of such adjustment cannot exceed the per share value of the dilution to the Warrantholder’s interest in the equity of the Company (based on the Warrant Shares comprised in the unexercised Warrants held by such Warrantholder) which

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would otherwise result from the relevant transaction or event (as contemplated under the relevant Condition) giving rise to such adjustment.

- 5.3 Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exercise Price of a Warrant and the number of Warrants will be required in respect of:
- (a) an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for Shares to officers, including Directors, or employees of the Company or any of its subsidiaries pursuant to any purchase or option scheme or performance share plan approved by the Shareholders in general meeting;
 - (b) an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business;
 - (c) any issue by the Company of Shares pursuant to the exercise of any of the Warrants; or
 - (d) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights.
- 5.4 Any adjustment to the Exercise Price of a Warrant will be rounded upwards to the nearest one tenth of one cent (S\$0.0001) and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Exercise Price of a Warrant. No adjustments to the applicable Exercise Price of a Warrant shall be made unless it is in accordance with Condition 5.2. No adjustment will be made to the Exercise Price of a Warrant in any case in which the amount by which the same would be reduced would be less than one tenth of one cent or the amount by which the Exercise Price of a Warrant is adjusted is equal to or less than five per cent (5%) of the prevailing Exercise Price of such Warrant but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- 5.5 Any adjustment to the number of Warrants of the relevant tranche held by each Warrantholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants of the relevant tranche held by each Warrantholder shall be made unless (i) it is in accordance with the formulae stated in Condition 5.2; and (ii) approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Shares as may be issued on the exercise of any of such Warrants. If for any reason an event giving rise to an adjustment (the "**First Adjustment**") made to the Exercise Price of a Warrant or the number of Warrants of the relevant tranche held by each Warrantholder pursuant to these Conditions is cancelled, revoked or not completed, the Exercise Price of a Warrant or the number of Warrants of that tranche held by each Warrantholder shall be readjusted to the amount prevailing immediately prior to the First Adjustment with effect from such date and in such manner as an Approved Person may consider appropriate.
- 5.6 Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantholders in accordance with Condition 12 that the Exercise Price of a Warrant and/or the number of Warrants of the relevant tranche held by each Warrantholder has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price of a Warrant and/or the number of Warrants of the relevant tranche in effect prior to such adjustment, the adjusted Exercise Price of a Warrant and/or number of Warrants of the relevant tranche and the effective date of such adjustment and shall, at all times thereafter

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so long as any of the Warrants of the relevant tranche remains exercisable make available for inspection at its registered office for the time being, a copy of the certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price of a Warrant and/or the number of Warrants of the relevant tranche in effect prior to such adjustment, the adjusted Exercise Price of a Warrant and/or number of Warrants of the relevant tranche and the effective date of such adjustment and shall, on request and at the expense of the Warrantholder, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants of the relevant tranche, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificate(s) for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, at his address appearing in the Register or, in respect of Warrants registered in the name of CDP, to CDP Provided That if additional Warrants are issued to each Warrantholder as a result of an adjustment which is cancelled, revoked or not completed and the number of Warrants of the relevant tranche held by each Warrantholder is readjusted pursuant to Condition 5.5, such additional Warrants shall be deemed to be cancelled with effect from such date and in such manner as the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be) may consider appropriate.

Pursuant to Rule 830 of the Listing Manual of the SGX-ST, any adjustment to the Exercise Price of a Warrant and/or the number of Warrants in accordance with the provisions of this Condition 5 will also be announced by the Company through SGXNET.

- 5.7 If the Directors and the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be) are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another third party independent financial adviser appointed by the Company acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive.
- 5.8 If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for, Shares, the Company shall appoint the auditors of the Company or the third party independent financial adviser appointed by the Company to consider whether any adjustment is appropriate and if the auditors of the Company or such third party independent financial adviser appointed by the Company (as the case may be) and the Directors shall determine that any adjustment is appropriate, the Exercise Price of a Warrant and/or the number of Warrants shall be adjusted accordingly.
- 5.9 Any new Warrants which may be issued by the Company under this Condition 5 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit, including but not limited to the terms and conditions as set out herein for the Warrants.
- 5.10 In giving any certificate or making any adjustment hereunder, the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company, the Warrantholders and all persons having an interest in the Warrants.
- 5.11 Notwithstanding anything herein contained, any adjustment to the Exercise Price of a Warrant of a Warrant and/or the number of Warrants other than in accordance with the

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provisions of this Condition 5, shall be subject to the approval of the SGX-ST and agreed to by the Company and the auditors of the Company or the third party independent financial adviser appointed by the Company (as the case may be).

- 5.12 Nothing shall prevent or restrict the buy-back of any class of shares in the Company pursuant to applicable law and the requirements of the SGX-ST. No approval or consent of the Warranholders shall be required for such share buy-back. There shall be no adjustments to the Exercise Price of a Warrant and number of Warrants by reason of such share buy-back.

6. Winding-Up of the Company

If a resolution is passed for a members' voluntary winding-up of the Company then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warranholders, or some person designated by them for such purpose by Extraordinary Resolution, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants; and
- (b) in any other case, every Warranholder shall be entitled, upon and subject to the Conditions, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with payment of the relevant Exercise Price(s) and having duly complied with all other conditions set out in Conditions 4.1 and 4.2, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the Exercise Notice(s) and had on such date been the holder of the Warrant Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warranholders in accordance with Condition 12 of the passing of any such resolution within seven (7) Market Days after the passing thereof.

Subject to the foregoing, if the Company is wound-up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

7. Further Issues

Subject to the Conditions, the Company shall be at liberty to issue Shares to Shareholders either for cash or as bonus distributions and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warranholders shall not have any participating rights in such further issues of Shares by the Company unless otherwise resolved by the Company at a general meeting or in the event of a take-over offer to acquire Shares.

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8. Transfer of Warrants

- 8.1 Subject to the provisions contained herein, the Warrants shall be transferable in lots of 100 Warrants or more entitling the Warranholders to subscribe for whole numbers of Warrant Shares and so that no person shall be recognised by the Company as having title to Warrants entitling the holder thereof to subscribe for a fractional part of a Warrant Share or otherwise than as the sole or joint holder of the entirety of such Warrant Share.
- 8.2 Subject to applicable law and other provisions of the Conditions, a Warrant which is not registered in the name of CDP may only be transferred in accordance with the following provisions of this Condition 8.2:
- (a) the relevant Warranholder shall lodge, during normal business hours on any Market Day so as to be received at the specified office of the Warrant Agent, the relevant Warrant Certificate(s) registered in the name of the Warranholder together with an instrument of transfer in respect thereof (the “**Transfer Form**”), in the form approved by the Company, duly completed and signed by, or on behalf of, the Warranholder and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, Provided That the Company and the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP;
 - (b) the Transfer Form shall be accompanied by the registration fee of S\$2 (excluding any goods and services tax) (or such other amount as may be determined by the Directors) for every Warrant Certificate to be transferred together with any stamp duty and goods and services tax (if any) specified by the Warrant Agent, such evidence as the Warrant Agent may require to determine and verify the due execution of the Transfer Form and payment of the expenses of, and submit, such documents as the Warrant Agent may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee.
- 8.3 The Warranholder specified in the Register of Warranholders or Depository Register (as the case may be) shall be deemed to remain the Warranholder of the Warrant until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent or in the Depository Register by CDP (as the case may be).
- 8.4 If the Transfer Form has not been fully or correctly completed by the transferring Warranholder or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the transferring Warranholder, accompanied by written notice of the omission(s) or error(s) and requesting the transferring Warranholder to complete and/or amend the Transfer Form and/or to make the requisite payment.
- 8.5 If the Transfer Form has been fully and correctly completed, the Warrant Agent shall, as agent for and on behalf of the Company:
- (a) register the person named in the Transfer Form as transferee in the Register of Warranholders as the registered holder of the relevant Warrant(s) in place of the transferring Warranholder;
 - (b) cancel the Warrant Certificate(s) in the name of the transferring Warranholder; and

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- (c) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.
- 8.6 The executors or administrators of a deceased registered Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holders of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one (1) or more of several joint holders, the survivor or survivors of such joint holders, shall be the only person(s) recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of the deceased Warrantholder. Such persons shall, on producing to the Company and the Warrant Agent such evidence as may be required by the Company and the Warrant Agent to prove their title, and on the completion of a Transfer Form and payment of the fees and expenses referred to in Conditions 8.2 above, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made. Conditions 8.4, 8.5 and 8.7 shall apply *mutatis mutandis* to any transfer of the Warrants by such persons.
- 8.7 With respect to Warrants registered in the name of CDP, any transfer of such Warrants shall be effected subject to and in accordance with these Conditions, applicable law and the rules of CDP as amended from time to time and where the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry.
- 8.8 A transferor or Depositor, as the case may be, shall be deemed to remain a holder of the relevant Warrant(s) until the name of the transferee is entered into the Register of Warrantholders by the Warrant Agent or the Depository Register by the CDP, as the case may be.

9. Replacement of Warrant Certificates

If any Warrant Certificate is lost, stolen, destroyed, mutilated or defaced, it may, subject to applicable laws and at the discretion of the Company, be replaced upon the request by the Warrantholder at the specified office of the Warrant Agent on payment of such costs as may be incurred in connection therewith, and on such terms as to evidence, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen, destroyed Warrant Certificate(s) in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the Warrants at the time of the replacement thereof), advertisement, undertaking and otherwise as the Company and/or the Warrant Agent may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued. The replacement Warrant Certificate will be issued to the registered holder of the Warrant Certificate replaced.

10. Warrant Agent not Acting for the Warrantholders

In acting under the Warrant Agency Agreement, the Warrant Agent is, subject to the terms therein, acting solely as agent for the Company for certain specified purposes, and does not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders.

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11. Meetings of Warrantheolders and Modification

11.1 The Deed Poll contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by extraordinary resolution (“**Extraordinary Resolution**”) of a modification of the Warrants or the Deed Poll. Such a meeting may be convened by the Company or by Warrantheolders holding not less than twenty per cent. (20%) of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution shall be two (2) or more persons present being Warrantheolders or proxies duly appointed by Warrantheolders holding or representing over fifty per cent. (50%) of the Warrants for the time being unexercised. At any adjourned meeting, two (2) or more persons present being or representing Warrantheolders or proxies duly appointed by the Warrantheolders whatever the number of Warrants so held or represented shall form a quorum, except that at any meeting the business of which includes the modification of certain provisions of the Warrants or of the Deed Poll (including cancelling the subscription rights constituted by the Warrants or changing the relevant Exercise Periods), the necessary quorum for passing an Extraordinary Resolution shall be two (2) or more persons holding or representing not less than seventy-five per cent. (75%) or, at any adjournment of such meeting, over fifty per cent. (50%), of the Warrants for the time being remaining unexercised. An Extraordinary Resolution duly passed at any meeting of Warrantheolders shall be binding on all Warrantheolders, whether or not they are present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgment, confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of Warrantheolders.

A resolution in writing signed by all the Warrantheolders shall be deemed to be a resolution duly passed by the Warrantheolders at a meeting of the Warrantheolders duly convened.

11.2 The Company may, without the consent of the Warrantheolders but in accordance with the terms of the Deed Poll, effect any modification to the Warrants, the Warrant Agency Agreement or the Deed Poll which, in its opinion:

- (a) is not materially prejudicial to the interests of the Warrantheolders;
- (b) is of a formal, technical or minor nature;
- (c) is to correct a manifest error or to comply with mandatory provisions of Singapore law; and/or
- (d) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Warrant Shares arising from the exercise thereof or meetings of the Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company’s securities on the Mainboard of the SGX-ST.

Any such modification shall be binding on the Warrantheolders and all persons having an interest in the Warrants, and shall be notified to them in accordance with Condition 12 as soon as practicable thereafter.

11.3 Any alteration to the terms and/or conditions of the Warrants after the issue thereof must be subject to the approval of the SGX-ST (if required), except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

- 11.4 Notwithstanding any other provisions as set out in the Deed Poll, any material alteration to the terms and/or conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and prejudicial to the Shareholders must be approved by the Shareholders in general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants.
- 11.5 Save as provided by these Conditions, the Company shall not:-
- (a) extend the relevant Exercise Periods;
 - (b) issue new warrants to replace the Warrants;
 - (c) change the Exercise Price of a Warrant; or
 - (d) change the exercise ratio of the Warrants.

12. Notices

- 12.1 All notices to Warrantheolders will be valid if published in a leading daily English language newspaper of general circulation in Singapore. If at any time publication in such newspaper is not practicable, notices will be valid if published in such other manner as the Company, with the approval of the Warrant Agent, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.
- 12.2 The Company shall, not later than one (1) month before the relevant Expiration Date, give notice to the Warrantheolders in accordance with this Condition 12, of the relevant Expiration Date and make an announcement of the same to the SGX-ST. The Company shall also, not later than one (1) month before the relevant Expiration Date, take reasonable steps to notify the Warrantheolders in writing of the relevant Expiration Date and such notice shall be delivered by post to the addresses of the Warrantheolders as recorded in the Register of Warrantheolders or, in the case of Warrantheolders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP. Proof of posting or despatch of any notice shall be deemed to be proof of receipt on the next Business Day after posting.
- 12.3 Without prejudice to the generality of the foregoing, Warrantheolders who acquire Warrants after notice of the relevant Expiration Date has been given in accordance with these Conditions shall be deemed to have notice of the expiry of the relevant Exercise Period so long as such notice has been given in accordance with this Condition 12. For the avoidance of doubt, neither the Company nor the Warrant Agent shall in any way be responsible or liable for any claims, proceedings, costs or expenses arising from the failure by the purchaser of the Warrants to be aware of or to receive such notification.

13. Stamp Duty on Exercise of Warrants

The Company shall pay all and any stamp duties and other similar taxes or duties payable in Singapore on or in connection with the initial distribution, and the initial issue, of the Warrant Certificates. Any other stamp duties, similar duties or taxes (if any) or other fees payable (including those payable to CDP) on or arising from the ownership, transfer or exercise of the Warrants, shall be for the account of, and payable by, the relevant Warrantheolder.

APPENDIX B – EXTRACTS OF THE TERMS AND CONDITIONS OF THE WARRANTS

14. Third Party Rights

Other than the Company and the Warranholders, no person shall have any right to enforce any term or condition of the Warrants, the Deed Poll and these Conditions under the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

15. Governing Law

15.1 The Warrants and these Conditions are governed by, and shall be construed in accordance with, the laws of the Republic of Singapore.

15.2 The courts of Singapore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and these Conditions and accordingly any legal action or proceedings arising out of or in connection with the Warrants and these Conditions (“**Proceedings**”) may be brought in such courts. The Company irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

NOTES:-

1. The attention of Warranholders is drawn to Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Code**”) and Section 139 and 140 of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”), as amended from time to time. In general terms, these provisions regulate the acquisition of effective control of public companies. Warranholders should consider the implications of these provisions before they exercise their respective Warrants. In particular, a Warranholder should note that he may be under an obligation to extend a take-over offer of the Company if:
 - (a) such Warranholder acquires whether by exercise of the Warrants or otherwise, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him (the term “**acting in concert**” as used herein shall have the meaning ascribed thereto by the Code)) carry thirty per cent. (30%) or more of the voting rights of the Company; or
 - (b) such Warranholder, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the Company, and he, or any person acting in concert with him, acquires in any period of six (6) months additional Shares, by the exercise of the Warrants or otherwise, carrying more than one per cent. (1%) of the voting rights of the Company.
2. A Warranholder who, after the exercise of his Warrants, holds not less than five per cent. (5%) of the total votes attached to all the voting shares in the Company, is under an obligation to notify the Company and the SGX-ST of his interest in the manner set out in Sections 82, 83 and 84 of the Act and Sections 135, 136 and 137 of the SFA.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

PROFIT AND LOSS STATEMENT

The consolidated profit and loss statements of the Group for FY2015, FY2016 and FY2017 are set out below.

	<u>Audited</u>	<u>Restated ¹</u>	<u>Audited</u>	
	<u>FY2017</u>	<u>FY2016</u>	<u>FY2016</u>	<u>FY2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Continuing operations</u>				
Revenue	275,030	263,285	318,857	318,946
Cost of sales	(247,747)	(235,402)	(289,200)	(288,588)
Gross profit	<u>27,283</u>	<u>27,883</u>	<u>29,657</u>	<u>30,358</u>
Other operating income	2,435	781	794	1,214
Administrative expenses	(18,383)	(18,605)	(20,373)	(20,853)
Other operating expenses	(6,115)	(6,349)	(6,811)	(7,543)
Share of profit (loss) of an associate	9	6	6	(6)
Finance costs	(311)	(106)	(106)	(129)
Profit (Loss) before income tax	<u>4,918</u>	<u>3,610</u>	<u>3,167</u>	<u>3,041</u>
Income tax expense	(260)	(117)	(117)	7
Profit (Loss) from continuing operations, after income tax	<u>4,658</u>	<u>3,493</u>	<u>3,050</u>	<u>3,048</u>
<u>Discontinued operations ²</u>				
Loss from discontinued operations	(440)	(443)	-	-
Profit (Loss) for the year	<u>4,218</u>	<u>3,050</u>	<u>3,050</u>	<u>3,048</u>
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation on land and building	987	-	-	-
Net fair value changes in equity securities carried at fair value through other comprehensive income	(1,850)	-	-	-
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	(236)	-	-	-
	(1,099)	-	-	-
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from consolidation	159	(141)	(141)	(695)
Other comprehensive loss for the year, net of tax	(940)	(141)	(141)	(695)
Total comprehensive income (loss) for the year	<u>3,278</u>	<u>2,909</u>	<u>2,909</u>	<u>2,353</u>
Profit (Loss) attributable to:				
Owners of the Company	4,102	2,940	2,940	4,060
Non-controlling interests	116	110	110	(1,012)
Total comprehensive income (loss) for the year	<u>4,218</u>	<u>3,050</u>	<u>3,050</u>	<u>3,048</u>
Total comprehensive income (loss) attributable to:				
Owners of the Company	3,090	2,787	2,787	3,332
Non-controlling interests	188	122	122	(979)
	<u>3,278</u>	<u>2,909</u>	<u>2,909</u>	<u>2,353</u>
Earnings (Losses) per share (cents):				
from continuing and discontinued operations				
- Basic	0.033	0.023	0.023	0.032
- Diluted	0.033	0.023	0.023	0.032

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2015, FY2016 AND FY2017

¹ The comparative income statement is re-presented as if the operations in Myanmar had been discontinued from the start of the comparative year.

² Discontinued operations relate to operations in Myanmar inclusive of MDR Myanmar Co., Ltd, Golden Myanmar Sea Co., Ltd, Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Co., Ltd.

A review of the operations, business and financial performance of the Group are set out below:

FY2017 versus FY2016 (restated)

The Group's FY2017 revenue increased by 4% from S\$263.3 million in FY2016 to S\$275.0 million in FY2017. The increase was mainly due to higher sales from the Group's Distribution Management Solutions ("DMS") and Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") businesses. Revenue from DMS and DPAS businesses increased by 7% and 3% respectively from S\$225.6 million in FY2016 to S\$241.8 million in FY2017 and from S\$7.0 million in FY2016 to S\$7.2 million in FY2017. However, revenue from the Group's After Market Services ("AMS") business decreased by 15% from S\$30.7 million in FY2016 to S\$26.0 million in FY2017 due to lower repair volumes.

Gross profits fell by 2% to S\$27.3 million, as compared with S\$27.9 million in FY2016, mainly due to lower gross profits generated from AMS business, in view of the lower revenue from the division. Gross margin for AMS business increased from 23% to 25% year-on-year, mainly due to the change in repair mix and higher volume of in-of-warranty repair jobs for consumer electronic products. However gross margin for DPAS declined from 31% to 30% due to higher depreciation costs with the purchase of leasehold property and machinery in FY2017, which were classified under cost of goods sold.

Other income increased by S\$1.7 million from S\$0.8 million in FY2016 to S\$2.4 million in FY2017, mainly pertained to interest income earned from loan extended to a third party of S\$1.1 million and dividend income from investment securities of S\$0.4 million.

Administrative expenses decreased by S\$0.2 million from S\$18.6 million in FY2016 to S\$18.4 million in FY2017, mainly resulted from lower staff cost.

Other operating expenses decreased by S\$0.2 million from S\$6.3 million in FY2016 to S\$6.1 million in FY2017, mainly due to the decrease in rental expenses pertaining to reversal of accrued rental expenses and closure of some retail outlets in FY2017.

Overall, the Group's FY2017 net profits before tax increased by 36% from S\$3.6 million in FY2016 to S\$4.9 million in FY2017, mainly attributed to the increase in other income.

FY2016 (audited) versus FY2015

The Group's revenue remained relatively unchanged for both FY2016 and FY2015, at S\$318.9 million. Revenue contribution from the DMS business decreased by S\$9.4 million or 3.2% in FY2016, mainly due to the scale down of retail outlets which took place since FY2015 as the Group embarked on a restructuring exercise in view of the challenging retail environment in Singapore. However, the increase in the AMS business by S\$8.5 million or 38.2% due to increasing repair demand, mitigated the decline in the DMS business' revenue.

Gross profits fell by 2.3% to S\$29.7 million, as compared with S\$30.4 million in FY2015, mainly due to reduced gross profit margin from 10% to 9% in FY2016. The AMS business' profit margins were affected by the higher cost of repairs and the gross profit margin for the DPAS business declined due

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

to the reclassification of plant and machinery depreciation expense to cost of goods sold, coupled with higher imported raw material costs arising from the weaker Malaysian Ringgit in FY2016.

Administrative expenses decreased by S\$0.5 million or 2.3% from S\$20.9 million in FY2015 to S\$20.4 million in FY2016, mainly due to additional professional fees of S\$0.5 million incurred in FY2015 for potential acquisition opportunities.

Other operating expenses decreased by S\$0.7 million or 9.7% from S\$7.5 million in FY2015 to S\$6.8 million in FY2016. The decrease in other operating expenses was mainly due to (i) lower rental expenses incurred in FY2016 compared to FY2015 by S\$0.4 million resulting from closure of unprofitable outlets, (ii) allowance for inventories in FY2016 was reduced by S\$0.8 million, and (iii) reclassification of plant and machinery depreciation expense for the DPAS business of S\$0.7 million to cost of goods sold in FY2016. However, the impact was mitigated by the reversal of allowance of doubtful debts and reversal of provision of restructuring costs of S\$0.5 million and S\$0.6 million respectively in FY2015.

Overall, the Group achieved net profits before tax of S\$3.2 million in FY2016 which constituted a 4.1% increase against FY2015 profits of S\$3.0 million.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

BALANCE SHEET

The consolidated balance sheets of the Group as at 31 December 2015, 31 December 2016 and 31 December 2017 are set out below.

	31-Dec-17	Audited	
	S\$'000	31-Dec-16	31-Dec-15
		S\$'000	S\$'000
ASSETS			
Current assets			
Cash and bank balances	11,579	30,817	30,849
Trade receivables	22,230	20,867	18,763
Other receivables and prepayments	8,362	5,401	5,877
Inventories	18,925	20,232	17,541
Total current assets	61,096	77,317	73,030
Non-current assets			
Investment in an associate	24	14	8
Property, plant and equipment	11,199	4,271	4,190
Goodwill	2,798	2,798	2,798
Investment securities	13,234	-	-
Cash and bank balances	1,440	-	-
Other receivables and prepayments	-	839	86
Total non-current assets	28,695	7,922	7,082
Total assets	89,791	85,239	80,112
Current liabilities			
Bank loans	5,485	-	-
Trade payables	11,868	13,572	10,204
Other payables	6,704	7,341	7,407
Provision for restructuring cost	-	-	138
Current portion of finance leases	461	570	419
Income tax payable	69	7	175
Total current liabilities	24,587	21,490	18,343
Non-current liabilities			
Finance leases	645	991	887
Deferred tax liabilities	441	118	151
Total non-current liabilities	1,086	1,109	1,038
Equity			
Issued capital	153,652	153,652	153,652
Capital reserve	(859)	(859)	(859)
Investment revaluation reserve	(1,850)	-	-
Property revaluation reserve	751	-	-
Share options reserve	145	311	316
Foreign currency translation reserve	(738)	(825)	(672)
Accumulated losses	(85,465)	(87,933)	(89,878)
Equity attributable to owners of the parent company	65,636	64,346	62,559
Non-controlling interests	(1,518)	(1,706)	(1,828)
Total equity	64,118	62,640	60,731
Total equity and liabilities	89,791	85,239	80,112

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

A review of the financial positions of the Group for the relevant periods is set out below:

FY2017 versus FY2016

The Group's current assets decreased by S\$16.2 million or 21.0% from S\$77.3 million as at 31 December 2016 to S\$61.1 million as at 31 December 2017. Cash and bank balances decreased by S\$19.2 million from S\$30.8 million as at 31 December 2016 to S\$11.6 million as at 31 December 2017, mainly due to investment in marketable securities. Trade receivables increased by S\$1.3 million from S\$20.9 million as at 31 December 2016 to S\$22.2 million as at 31 December 2017, mainly due to increase in accrued income of S\$2.3 million but was offset by the decrease in amount owing by outside parties of S\$1.0 million.

Other receivables increased by S\$3.0 million from S\$5.4 million as at 31 December 2016 to S\$8.4 million as at 31 December 2017, mainly due to the balance loan due from a third party of S\$3.6 million. The increase was partially offset by the decrease in receivables from principals in relation to sell through, advertising and promotion support of S\$0.6 million.

Inventory level decreased by S\$1.3 million from S\$20.2 million as at 31 December 2016 to S\$18.9 million as at 31 December 2017, mainly due to the efforts made by the Group to trim its handset and prepaid cards inventory levels.

The Group's non-current assets had increased by S\$20.8 million or 262.2 % from S\$7.9 million as at 31 December 2016 to S\$28.7 million as at 31 December 2017, mainly due to the purchase of property in Malaysia for DPAS operations of S\$7.6 million and investment in marketable securities of S\$13.2 million. The property, plant and equipment has also included a revaluation gain of S\$1.0 million resulted from the revaluation of its land and building.

Current liabilities increased by S\$3.1 million or 14.4% from S\$21.5 million as at 31 December 2016 to S\$24.6 million as at 31 December 2017, mainly due to the bank loan of S\$5.5 million obtained to finance the purchase of property in Malaysia for DPAS operations. The increase was partially offset by the decrease in trade payables of S\$1.7 million from S\$13.6 million as at 31 December 2016 to S\$11.9 million as at 31 December 2017 and other payables of S\$0.6 million from S\$7.3 million as at 31 December 2016 to S\$6.7 million as at 31 December 2017.

Shareholders' funds (excluding non-controlling interests) had increased by S\$1.3 million or 2.0% from S\$64.3 million as at 31 December 2016 to S\$65.6 million as at 31 December 2017 mainly due to profits generated by the Group of S\$2.5 million during the year. With the revaluation of its land and building, the revaluation surplus of S\$1.0 million and its associated deferred tax liabilities of S\$0.2 million were recorded under property revaluation reserve at net S\$0.8 million. However, the decrease in the value of the investment securities led to S\$1.9 million debit balance recorded in investment revaluation reserve, which offset the surplus from the property revaluation.

FY2016 versus FY2015

The Group's current assets increased by S\$4.3 million or 5.9% from S\$73.0 million as at 31 December 2015 to S\$77.3 million as at 31 December 2016. Inventory levels as at 31 December 2016 registered a 15.4% increase from S\$17.5 million as at 31 December 2015 to S\$20.2 million as at 31 December 2016, mainly due to the purchase of prepaid cards for local business towards the year end, and higher inventory of prepaid cards held by the Group's Myanmar prepaid cards business. Trade receivables increased by S\$2.1 million from S\$18.8 million as at 31 December 2015 to S\$20.9 million as at 31 December 2016, mainly due to increase in accrued income of S\$1.2 million and amount owing by outside parties of S\$0.9 million.

The Group's non-current assets had increased by S\$0.8 million or 11.9% from S\$7.1 million as at 31 December 2015 to S\$7.9 million as at 31 December 2016, due to the deposits paid in relation to the purchase of property in Malaysia for the operations of the DPAS business.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

Current liabilities increased by S\$3.2 million or 17.2% from S\$18.3 million as at 31 December 2015 to S\$21.5 million as at 31 December 2016. Trade payables increased by S\$3.4 million from S\$10.2 million as at 31 December 2015 to S\$13.6 million as at 31 December 2016 due to more inventories purchased on credit towards year end.

Shareholders' funds (excluding non-controlling interests) had increased by \$1.7 million or 2.9% from S\$62.6 million as at 31 December 2015 to S\$64.3 million as at 31 December 2016 mainly due to profits generated by the Group during FY2016.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

CASH FLOW

The consolidated cash flow statement for the Group for FY2015, FY2016 and FY2017 are set out below:

	Audited		
	31-Dec-17	31-Dec-16	31-Dec-15
	S\$'000	S\$'000	S\$'000
Operating activities			
Profit (Loss) before income tax from continuing operations	4,918	3,167	3,041
Loss before income tax from discontinued operations	(440)	-	-
	<u>4,478</u>	<u>3,167</u>	<u>3,041</u>
Adjustments for:			
Share of (profit) loss of an associate	(9)	(6)	6
Depreciation expense	1,539	1,641	1,634
Amortisation expense	-	-	-
Interest expense	311	106	129
Interest income from fixed deposits	(98)	(153)	(133)
Interest income from loans to a third party	(1,103)	-	-
Dividend income	(393)	-	-
(Gain) Loss on sale of plant and equipment	(115)	(36)	4
Plant and equipment written off	150	91	59
Liabilities written back	(213)	(2)	(155)
Impairment on available-for-sale investment	-	-	-
(Reversal of) Impairment on plant and equipment	(3)	(1)	(42)
Impairment of goodwill	-	-	-
Impairment of intangible asset	-	-	-
Provision for (reversal of) restructuring costs	-	(3)	(563)
Provision for shop closure costs	204	-	-
Allowance for inventories	592	432	1,186
Inventories written off	-	-	30
(Reversal of) allowance for doubtful trade receivables	(39)	237	(344)
(Reversal) Allowance for doubtful other receivables	-	-	(194)
Bad debts written off (trade)	3	2	48
Bad debts written off (non-trade)	-	13	3
Bad debts recovered (trade)	(253)	-	-
Professional fees paid by shares	-	-	-
Share-based payment	-	-	39
Net foreign exchange gain	(21)	(119)	(116)
	<u>5,030</u>	<u>5,369</u>	<u>4,632</u>
Operating profit before working capital changes			
Trade receivables	(1,074)	(2,343)	5,971
Other receivables	991	225	5,330
Inventories	715	(3,123)	(1,267)
Trade payables	(1,699)	3,370	(6,738)
Other payables	(626)	(101)	(3,598)
	<u>3,337</u>	<u>3,397</u>	<u>4,330</u>
Cash used in operations			
Income tax (paid) refund	(249)	6	(281)
Interest received	98	153	133
Net cash from operating activities	<u>3,186</u>	<u>3,556</u>	<u>4,182</u>

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

	Audited		
	31-Dec-17 S\$'000	31-Dec-16 S\$'000	31-Dec-15 S\$'000
Investing activities			
Proceeds from disposal of plant and equipment	639	64	144
Purchase of property, plant and equipment	(6,981)	(1,094)	(1,968)
Purchase of equity securities	(15,084)	-	-
Loans to a third party	(5,000)	-	-
Repayment of loans from a third party	1,400	-	-
Interest received from loans to a third party	871	-	-
Dividend income from equity securities	393	-	-
Acquisition of investment in an associate	-	-	(15)
Prepayment of plant and equipment	-	(258)	-
Deposits paid for the purchase of property	-	(581)	-
Net cash used in investing activities	<u>(23,762)</u>	<u>(1,869)</u>	<u>(1,839)</u>
Financing activities			
Interest paid	(311)	(106)	(129)
Cash pledged	(1,400)	-	-
Repayment of bank borrowings	(3,231)	-	(2,550)
Repayments of obligations under finance leases	(574)	(511)	(484)
Dividends paid to non-controlling interest	-	(78)	-
Dividends paid to shareholders	(1,800)	(1,000)	-
Proceeds from bank borrowings	8,466	-	-
Net cash generated from (used in) financing activities	<u>1,150</u>	<u>(1,695)</u>	<u>(3,163)</u>
Net decrease in cash and cash equivalents	(19,426)	(8)	(820)
Cash and cash equivalents at beginning of year	30,778	30,809	31,699
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	<u>227</u>	<u>(23)</u>	<u>(70)</u>
Cash and cash equivalents at end of financial year	<u><u>11,579</u></u>	<u><u>30,778</u></u>	<u><u>30,809</u></u>

A review of the cash flow statement of the Group for the relevant periods is set out below:

FY2017

The Group generated S\$3.2 million operating cash flow in FY2017. The cash inflow from operating activities was mainly due to the Group's operating profits in FY2017, partially offset by the increase in working capital requirement of S\$1.7 million.

Net cash used in investing activities was S\$23.8 million in FY2017. The outflow was due to investment in marketable securities of S\$15.1 million, capital expenditure arising from purchase of property, equipment and shop renovations of S\$7.0 million, loan to a third party of S\$5.0 million. The outflow was offset by interest received from loan to a third party of S\$0.9 million, dividend income from investment securities of \$0.4 million, repayment of loan from a third party of S\$1.4 million and proceeds from disposal of plant and equipment of S\$0.6 million.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

Net cash generated from financing activities was S\$1.2 million in FY2017. The inflow was due to proceeds from bank borrowings of S\$8.5 million. The inflow was offset by payment of dividends to shareholders of S\$1.8 million, repayment of obligations under finance leases of S\$0.6 million, repayment of bank borrowings of S\$3.2 million, cash pledged of S\$1.4 million and interest paid of S\$0.3 million.

The operating, investing and financing activities of the Group led to a decrease of S\$19.4 million in cash and cash equivalents in FY2017.

FY2016

The Group generated S\$3.6 million operating cash flow in FY2016. The cash inflow from operating activities was mainly due to the Group's operating profits in FY2016 and interest income of S\$0.2 million, partially offset by the increase in working capital requirement of S\$2.0 million.

Net cash used in investing activities was S\$1.9 million in FY2016. The outflow was mainly due to capital expenditure arising from purchase of equipment and shop renovations of S\$1.1 million, coupled with deposits paid for the acquisition of property and its accompanying equipment of S\$0.8 million.

Net cash used in financing activities was S\$1.7 million in FY2016. The outflow was mainly due to the payment of dividends to shareholders of S\$1.0 million and repayment of obligations under finance leases of S\$0.5 million.

The operating, investing and financing activities of the Group led to a small decrease of S\$8,000 in cash and cash equivalents in FY2016.

FY2015

The Group generated S\$4.2 million operating cash flow in FY2015. The cash inflow from operating activities was mainly due to the Group's operating profits in FY2015 and interest income of S\$0.1 million, partially offset by the increase in working capital requirement of S\$0.3 million and income tax payment of S\$0.3 million.

Net cash used in investing activities was S\$1.8 million in FY2015. The outflow was mainly due to capital expenditure arising from purchase of equipment and shop renovations of S\$2.0 million, partially offset by the proceeds from disposal of plant and equipment of S\$0.1 million.

Net cash used in financing activities was S\$3.2 million in FY2015. The outflow was mainly due to the repayment of bank borrowings of S\$2.6 million and repayment of obligations under finance leases of S\$0.5 million.

The operating, investing and financing activities of the Group led to a decrease of S\$0.8 million in cash and cash equivalents in FY2015.

**APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR
FY2015, FY2016 AND FY2017**

WORKING CAPITAL

The total current assets, total current liabilities and working capital of the Group for FY2015, FY2016 and FY2017 are as follows:

	Audited		
	FY2017 S\$'000	FY2016 S\$'000	FY2015 S\$'000
Total current assets	61,096	77,317	73,030
Total current liabilities	24,587	21,490	18,343
Net current assets / Working capital	36,509	55,827	54,687

FY2017 versus FY2016

The Group's working capital decreased by S\$19.3 million or 34.6% from S\$55.8 million as at 31 December 2016 to S\$36.5 million as at 31 December 2017, mainly due to the decrease in cash and bank balances of S\$19.2 million. Lower cash position as at 31 December 2017 was mainly due to investment in marketable securities.

FY2016 versus FY2015

The Group's working capital increased by S\$1.1 million or 2.1% from S\$54.7 million as at 31 December 2015 to S\$55.8 million as at 31 December 2016, mainly due to the increase in inventory holding of S\$2.7 million and trade receivables of S\$2.1 million, partially offset by the increase in trade payables of S\$3.4 million. The increase in trade payables as at 31 December 2016 was due to more purchases of inventories on credit toward year end.

MDR LIMITED

(Company Registration No. 200009059G)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined, all capitalised terms which are not defined herein shall bear the same meanings as used in the circular dated 10 April 2018 issued by mDR Limited (the “Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the Shareholders of mDR Limited (the “**Company**”) will be held at Hilton Singapore, 581 Orchard Road, Panorama 1, Level 24, Singapore 238883 on 27 April 2018 at 3:30 p.m. (or as soon as practicable immediately following the conclusion of the annual general meeting of the Company to be held at 2:00 p.m. on the same date and venue) for the purposes of considering, and if thought fit, passing, with or without modifications, the following resolutions, which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION 1 – THE RIGHTS CUM WARRANTS ISSUE

THAT:

Subject to the approval by Shareholders of Ordinary Resolution 3,

- (a) a renounceable non-underwritten Rights cum Warrants Issue by the Company of up to 25,056,482,168 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.00188 per Rights Share, with up to 225,508,339,512 free detachable warrants (the “**Warrants**”), with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Warrant Shares**”) at the Exercise Price, on the basis of two (2) Rights Share for every one (1) existing Share held by shareholders of the Company (the “**Shareholders**”) and nine (9) Warrants for every one (1) Rights Share subscribed as at the Books Closure Date, fractional entitlements to be disregarded, be and is hereby approved;
- (b) the Board of Directors be and is hereby authorised to:
 - (i) create and issue:
 - (1) such number of Rights Shares as the Directors may determine up to a maximum of 25,056,482,168 Rights Shares at an issue price of S\$0.00188 per Rights Share;
 - (2) such number of free detachable Warrants as the Directors may determine up to a maximum of 225,508,339,512 free Warrants to be issued together with the Rights Shares comprising:
 - (A) up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0010 for each Warrant Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of the six (6)-month period from the date of issue of the Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded;
 - (B) up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of

S\$0.0011 for each Warrant Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of the 18-month period from the date of issue of the Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded; and

- (C) up to 75,169,446,504 free Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.0070 for each Warrant Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of the 36-month period from the date of issue of the Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed for by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded,

subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit;

- (3) such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (ii) provisionally allot and issue up to 25,056,482,168 Rights Shares with up to 225,508,339,512 free detachable Warrants, at an issue price of S\$0.00188 for each Rights Share, on the basis of two (2) Rights Share for every one (1) Share held by the Shareholders and nine (9) free Warrants for every one (1) Rights Share as at the Books Closure Date, fractional entitlements to be disregarded, subscribed on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (1) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date and who have, at least three (3) Market Days prior thereto, provided to CDP or the share registrar of the Company (the “**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents;
 - (2) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
 - (3) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit;

- (4) provisional allotments of the Rights Shares with Warrants not taken up or cannot be sold or are not sold on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Rights cum Warrants Issue, shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (5) the Rights Shares when issued and fully paid will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date of which falls before the date of issue of the Rights Shares; and
 - (6) the Warrant Shares to be issued on exercise of the Warrants will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Warrant Shares;
- (c) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (i) a maximum of 225,508,339,512 Warrant Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Warrant Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions, the Record Date of which falls before the date of issue of the Warrant Shares; and
 - (ii) on the same basis as paragraph (c)(i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (b) above; and
- (d) the Directors be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue, 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 Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

ORDINARY RESOLUTION 2 – THE WHITEWASH RESOLUTION

THAT:

Subject to the approval by Shareholders of Ordinary Resolution 1 and the satisfaction of all the conditions set out in the Securities Industry Council’s (“**SIC**”) letters dated 5 September 2017 and 13 October 2017 and email dated 7 February 2018, the Shareholders of the Company (other than the Undertaking Shareholder and parties not independent of him) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholder, in respect of all or any part of the Shares held by him, in the event that his subscription of the Rights Shares and Warrant Shares arising from the exercise of the Warrants (including any excess Rights Shares subscribed for by the Undertaking Shareholder and Warrant Shares acquired upon exercise of the excess Warrants subscribed for by the Undertaking Shareholder) under the Rights cum Warrants Issue results in him incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

Voting Exclusion: The Company will, in accordance with the conditional waiver by the SIC, disregard any votes cast on this resolution by the Undertaking Shareholder and any parties not independent of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ORDINARY RESOLUTION 3 – THE PROPOSED DIVERSIFICATION

THAT:

- (a) the proposed diversification of the Company and its subsidiaries' existing core businesses ("**Proposed Diversification**") to include the following businesses:
 - (i) the property business, which includes the following activities:
 - (1) acquiring and holding investments in residential, hospitality, commercial (retail and office), industrial and any other suitable types of properties (including mixed development properties) (collectively, the "**Property Related Assets**"), and holding the Property Related Assets for long-term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities;
 - (2) trading in properties including but not limited to buying and selling of Property Related Assets with reasonable yield and/or capital growth potential;
 - (3) managing Property Related Assets by providing to property owners and/or tenants services such as regular building maintenance and repairs, facilities management and supervision of the performance of service providers and contractors; and
 - (4) any other activity related to or ancillary to the above-mentioned activities;
 - (ii) the investment business, which includes the following activities:
 - (1) investing in quoted and/or unquoted securities and various aspects of investment such as providing seed, mezzanine and other forms of capital to listed companies and/or private companies with potential of business growth and trade sales as an integral part of mergers and acquisitions, which may also include undertaking business incubation and angel investments as part of the corporate strategies and business development of the investee companies;
 - (2) trading in quoted securities (including equities trading), buying and selling of unquoted securities and/or other marketable securities;
 - (3) trading in cryptocurrencies and/or cryptographic tokens, and/or buying and selling of cryptocurrencies and/or cryptographic tokens;

- (4) pre-initial public offer investments, which involve investing in shares of companies which may proceed to be listed on any internationally recognised stock exchange via initial public offerings or reverse takeovers (or similar process);
- (5) trading and/or investing directly or indirectly in futures, commodities, bonds, notes, funds and other securities, derivatives and financial products (whether quoted on any stock exchange or unquoted);
- (6) investing in real estate investment trusts (REITs); and
- (7) investing in private equity funds, hedge funds and funds of funds;
- (8) providing financing and loans to corporate entities; and
- (9) any other activity related to or ancillary to the above-mentioned activities,

be and is hereby approved; and

- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in paragraph (a) of this resolution.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary
Singapore
10 April 2018

Notes:

- (1) Save as provided in the Company's constitution, a member entitled to attend and vote at the EGM and who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote in his stead. A shareholder of the Company entitled to attend and vote at the EGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.
- (2) A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
- (3) The instrument appointing a proxy or proxies shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and: (i) in the case of an individual, shall be signed by the appointor or his attorney; (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (4) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
- (5) The instrument appointing a proxy must be deposited at the registered office of the Company at 53 Ubi Crescent, Singapore 408594 not less than 48 hours before the time appointed for holding the above EGM.
- (6) **Personal Data Privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending 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 and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.



MDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in the Republic of Singapore)

PROXY FORM
Extraordinary General Meeting

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of mDR Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent for their information only.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM

I/We* _____ (Name) _____ (Address)
(NRIC/Passport No.) of _____ (Address)
being a member/members* of MDR LIMITED (the "Company") appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

and/or* failing him/her*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

or, failing him/her/them*, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll, at the EGM of the Company to be held at Hilton Singapore, 581 Orchard Road, Panorama 1, Level 24, Singapore 238883 on 27 April 2018 at 3:30 p.m. (or as soon as practicable immediately following the conclusion of the annual general meeting of the Company to be held at 2:00 p.m. on the same date and venue) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for/against* the Resolutions to be passed at the EGM as indicated below. If no specific direction as to voting is given, my/our* proxy/proxies* will vote or abstain from voting at his/her/their* discretion. If no person is named in the above boxes, the Chairman of the EGM shall be my/our* proxy/proxies* to vote, for or against the Resolution to be passed at the EGM as indicated below, for me/us and on my/our behalf at the EGM and at any adjournment of the EGM.

Ordinary Resolution	No. of votes for**	No. of votes against**
1. The Rights cum Warrants Issue		
2. The Whitewash Resolution		
3. The Proposed Diversification		

** If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

*Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 (Chapter 289) of Singapore), 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 entered against 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 or proxies shall be deemed to relate to all the Shares held by you.
2. A shareholder of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend and vote at the EGM of the Company. Where such shareholder appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
3. A shareholder of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

"relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36) of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 53 Ubi Crescent, Singapore 408594, not less than 48 hours before the time appointed for the EGM, failing which the instrument may be treated as invalid.
5. The instrument appointing a proxy or proxies shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and: (i) in the case of an individual, shall be signed by the appointor or his attorney; (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with section 179 of the Companies Act (Chapter 50) of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
8. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.
9. Terms not defined herein have the meanings ascribed to them in the circular to the shareholders of the Company dated 10 April 2018.
10. The submission of an instrument or form appointing a proxy or proxies by a member of the Company does not preclude him/her from attending and voting in person at the EGM if he wishes to do so.
11. A Depositor's name must appear on the Depository Register maintained by CDP not less than 72 hours before the time appointed for holding the EGM in order for him to be entitled to attend and vote at the EGM.
12. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.