

CIRCULAR DATED 29 NOVEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Regal International Group Ltd. (the "**Company**"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of Regal International Group Ltd., you should hand this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

This Circular has been prepared by the Company for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



REGAL INTERNATIONAL GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200508585R)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

THE PROPOSED DISPOSAL OF HISAKA INTERNATIONAL HOLDINGS PTE. LTD.

IMPORTANT DATES AND TIME:

Last date and time for lodgement of Proxy Form	:	13 December 2016 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	15 December 2016 at 11.00 a.m.
Place of Extraordinary General Meeting	:	63 Sungei Kadut Loop Singapore 729484

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DEFINITIONS

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

“Act” or “Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Bank”	:	United Overseas Bank Limited
“Board” or “Board of Directors”	:	The board of directors of the Company, as at the date of this Circular
“Constitution”	:	The Constitution of the Company (being the constitutive document of the Company), as may be amended from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 29 November 2016
“Company”	:	Regal International Group Ltd.
“Controlling Shareholder”	:	A person who: (i) holds directly or indirectly 15.0% or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
“CPF”	:	The Central Provident Fund
“CPF Approved Nominees”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“Director”	:	A director of the Company, as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held on 15 December 2016, notice of which is set out on page 36 of this Circular
“EPS”	:	Earnings Per Share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries collectively
“HIH Purchasers”	:	Mr Cheng Ee Chew, Mr Cheng Ee Lieng and Mr Yong Yew Seng, the purchasers in respect of the Proposed Disposal of Hisaka International Holdings
“HIH Purchase Consideration”	:	The purchase consideration payable by the HIH Purchasers to the Company for the Proposed Disposal of Hisaka International Holdings, as described in Section 2.1 of this Circular

“HIH SPA”	:	The conditional sale and purchase agreement dated 2 June 2016 entered into between the HIH Purchasers and the Company in respect of the Proposed Disposal of Hisaka International Holdings
“HMTM Purchaser”	:	Mr Yap Ah Seng, Alvin, the purchaser in respect of Hisaka Mechatronic and Tech Motion
“HM SPA”	:	The conditional sale and purchase agreement dated 27 May 2016 entered into between the HMTM Purchaser and Hisaka International Holdings in respect of the disposal of Hisaka Mechatronic by Hisaka International Holdings
“Hisaka International Holdings”	:	Hisaka International Holdings Pte. Ltd. (Company Registration No. 200901206C), a company incorporated in Singapore and having its registered office at 63 Sungei Kadut Loop, Hisaka Industrial Building, Singapore 729484
“Hisaka Mechatronic”	:	Hisaka Mechatronic (Suzhou) Co. Ltd. (Company Registration No. 320594400026045), a company incorporated in the People’s Republic of China with its registered address at No. 395 Fengting Ave, Suzhou Industrial Park, Suzhou 215121, PRC
“HSPL”	:	Hisaka (Singapore) Pte. Ltd., a wholly-owned subsidiary of Hisaka International Holdings
“JTC”	:	JTC Corporation
“Latest Practicable Date”	:	15 November 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST and its relevant rule(s), as may be amended or modified from time to time
“Mainboard”	:	The mainboard of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“May 2016 Property Valuation Report”	:	The property valuation report in respect of the Property, as described in Section 2.6.3 of this Circular
“Move Out Date”	:	The date for HSPL and/or Hisaka International Holdings to vacate the Property, as described in Section 2.7.7 of this Circular
“Notice of EGM”	:	The notice of EGM set out on page 36 of this Circular
“NTA”	:	Net tangible assets
“Parties”	:	The parties to the HIH SPA, namely the Company, the HIH Purchasers and Hisaka International Holdings
“PRC”	:	The People’s Republic of China

“Precision Business Division”	:	The Group’s Precision Business Division which, broadly, deals in the business of supplying mechanical motion products and providing automation solutions
“Property”	:	The leasehold property located at 63 Sungei Kadut Loop, Hisaka Industrial Building, Singapore 729484, which is legally and beneficially owned by HSPL
“Property Division”	:	The Group’s Property Division which, broadly, is engaged in the business of property development, investment and construction
“Proposed Disposal of Hisaka International Holdings”	:	The proposed disposal of 100% of the registered and paid-up share capital of Hisaka International Holdings
“Proxy Form”	:	The proxy form in respect of the EGM accompanying this Circular
“RM” or “MYR” and “sen”	:	Malaysian Ringgit and sen, being the lawful currency of Malaysia
“RTO”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Securities Accounts”	:	A 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 may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Share Registrar”	:	RHT Corporate Advisory Pte. Ltd.
“SRS”	:	Supplementary Retirement Scheme
“S\$”, “SGD” or “\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Tech Motion”	:	Tech Motion (Shanghai) Co. Ltd. (Company Registration No. 310115400247789), a company incorporated in the People’s Republic of China with its registered address at Room 405, No. 207 North Fute Road, Waigaoqiao Free Trade Zone, Shanghai 200131, PRC

"TM SPA"	:	The conditional sale and purchase agreement dated 27 May 2016 entered into between the HMTM Purchaser and Hisaka International Holdings in respect of the disposal of Tech Motion by Hisaka International Holdings
"Undertaking Shareholders"	:	Has the meaning ascribed to it in Section 5 of this Circular
"USD" or "US\$"	:	United States Dollars, being the lawful currency of the United States of America
"1H2016"	:	The six months ended 30 June 2016
"9M2016"	:	The nine months ended 30 September 2016
"%"	:	Percentage and per centum

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

The term **"treasury shares"** shall have the meaning ascribed to it in Section 4 of the Act.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

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

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

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

REGAL INTERNATIONAL GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200508585R)

Directors:

Su Chung Jye	<i>(Executive Chairman and Chief Executive Officer)</i>
Wong Pak Kiong	<i>(Executive Director)</i>
Low Yew Shen	<i>(Non-Executive Director)</i>
Goon Kok Loon	<i>(Lead Independent Director)</i>
Chong Weng Hoe	<i>(Independent Director)</i>
Francis Hwang Huat Kuong	<i>(Independent Director)</i>

Registered Office:

45 North Canal Road
#04-01
Singapore 059301

29 November 2016

To: The Shareholders of Regal International Group Ltd.

Dear Sir/Madam,

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 15 December 2016 to seek Shareholders' approval in relation to the proposed disposal of 100% of the issued and paid-up share capital of Hisaka International Holdings (i.e. the Proposed Disposal of Hisaka International Holdings).

The Directors are convening the EGM to seek Shareholders' approval in respect of the Proposed Disposal of Hisaka International Holdings in accordance with Chapter 10 of the Listing Manual. The Proposed Disposal of Hisaka International Holdings is set out as an ordinary resolution in the Notice of the EGM accompanying this Circular.

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Disposal of Hisaka International Holdings. Shareholders' approval will be sought at the EGM to be held on 15 December 2016 at 11.00 a.m., notice of which is set out on page 36 of this Circular.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

1.3 Proposed Ordinary Resolution

As the Undertaking Shareholders hold in aggregate more than 50% of the Shares in the share capital of the Company and have undertaken to vote in favour of the Proposed Disposal of Hisaka International Holdings (as described in Section 5 of this Circular), the ordinary resolution in respect of the Proposed Disposal of Hisaka International Holdings will be passed at the EGM. Further details of the shareholding percentages held by the Undertaking Shareholders are set out in Section 5 of this Circular.

2. THE PROPOSED DISPOSAL OF HISAKA INTERNATIONAL HOLDINGS

2.1 Background of the Proposed Disposal of Hisaka International Holdings

On 2 June 2016, the Company announced that the Company and the HIH Purchasers had on the same day entered into the HIH SPA for the sale and disposal by the Company of 100% of the issued and paid-up share capital of Hisaka International Holdings to the HIH Purchasers. The sale and disposal of 100% of the issued and paid-up share capital of Hisaka International Holdings to the HIH Purchasers shall be on the terms and subject to the conditions of the HIH SPA. Upon completion of the Proposed Disposal of Hisaka International Holdings, Hisaka International Holdings will cease to be a subsidiary of the Company and the Precision Business Division would no longer form a part of the Group.

Under the terms of the HIH SPA, the purchase consideration payable by the HIH Purchasers to the Company for the Proposed Disposal of Hisaka International Holdings is the aggregate of (i) S\$7,000,000 and (ii) an amount equivalent to the aggregate of a number of components based on certain proceeds relating to the Property (further details of which are set out in Section 2.7.3 of this Circular below) (collectively, the “**HIH Purchase Consideration**”).

The Proposed Disposal of Hisaka International Holdings is a major transaction under Rule 1014 of the Listing Manual. Therefore, the relevant requirements of Chapter 10 of the Listing Manual have to be complied with.

2.2 Information relating to Hisaka International Holdings

Hisaka International Holdings is a private company limited by shares incorporated in Singapore on 20 January 2009. As at the Latest Practicable Date, Hisaka International Holdings has a registered and paid-up capital of S\$300,000, comprising 300,000 ordinary shares. As at the Latest Practicable Date, Hisaka International Holdings is wholly-owned by the Company.

The principal business activity of Hisaka International Holdings is investment holding. As at the Latest Practicable Date, Hisaka International Holdings is the holding company of a number of wholly-owned subsidiaries, namely Hisaka Mechatronic, Tech Motion and HSPL. Therefore, summarily Hisaka International Holdings is the holding company of the Group's Precision Business Division.

Hisaka Mechatronic is a limited liability company incorporated in the PRC and is part of the Group's Precision Business Division. The operations of Hisaka Mechatronic are based mainly in the PRC and principally involve the distribution of mechanical motion products and the fabrication of precision components.

Tech Motion is a limited liability company incorporated in the PRC and is part of the Group's Precision Business Division. The operations of Tech Motion are based mainly in the PRC and principally involve the import, export and wholesale of mechatronic products, electronic products, metallic products and rubber and plastic products.

HSPL is a limited liability company incorporated in Singapore and is part of the Group's Precision Business Division. The principal business activities of HSPL are principally the import and export of all types of industrial and automation products, including modifying and fabricating precision components. In addition, HSPL is the legal and beneficial owner of the leasehold property located at 63 Sungei Kadut Loop, Hisaka Industrial Building, Singapore 729484 (i.e. the Property), at which the Precision Business Division currently carries out its production activities in Singapore. As at the date of the HIH SPA, the lease

agreement in respect of the Property between HSPL and JTC, the master lessor of the Property, will expire on 16 September 2024, pursuant to which the Property shall revert to JTC. In connection with the Proposed Disposal of Hisaka International Holdings, the Company and Hisaka International Holdings are desirous of HSPL disposing the Property because it is envisaged that the Property would not be part of the long term plans of the Group or Hisaka International Holdings moving forward.

2.3 Information on the HIH Purchasers

Mr Cheng Ee Chew is an executive officer and director of HSPL.

Mr Cheng Ee Lieng is an executive officer and director of HSPL.

Mr Yong Yew Seng is an executive officer of HSPL.

2.4 Rationale for the Proposed Disposal of Hisaka International Holdings

Since FY2015, Hisaka International Holdings has been loss-making. The Group's share of losses attributable to Hisaka International Holdings (including the results of the Precision Business Division as a whole) accounted for approximately 57% of the Group's net loss in FY2015. The losses from the Property Division contributed to approximately 35% of Group's net loss in FY2015. The remaining approximately 8% of the Group's net loss in FY2015 was attributable to operating expenses of the Company.

Market conditions for the Precision Business Division have been increasingly challenging, as competitors from the local industry and overseas markets continue to exert pressure on the profit margins and pricing of the Precision Business Division's products. The business environment for the Precision Business Division is also cyclical and unpredictable. The business of the Precision Business Division is dependent on the overall performance of the semiconductor industry. Its business depends on the capital expenditures of the semiconductor manufacturers, which in turn depend on the anticipated market demand for integrated circuits. The semiconductor industry is cyclical due to the sudden changes in manufacturing capacity. The precision business often experiences sudden surges in demand followed by unexpected deterioration in demand. Hence, the business is highly unpredictable.

In view of the weak financial performance of the Precision Business Division, the challenging market conditions and the uncertainty that the Precision Business Division faces, the Board believes that Hisaka International Holdings and the Precision Business Division are unlikely to be in a position to provide positive returns for the Group in the foreseeable future. After careful consideration, the Board is of the opinion that the HIH Purchase Consideration is fair and reasonable and that the Proposed Disposal of Hisaka International Holdings is in the best interests of the Group.

In particular, the Proposed Disposal of Hisaka International Holdings will enable the Company to:

- (a) dispose of an underperforming asset for valuable consideration;
- (b) rationalise its financial and capital resources;
- (c) focus on its Property Division. In 2014, the Company had been involved as the acquiror for the acquisition of entire issued share capital of Regal International Holdings Pte. Ltd., which constituted a reverse takeover ("RTO"). The subject matter of the RTO was the acquisition of the Property Division, and the Property Division is

currently and will be the main focus of the Group moving forward. The founders of the Property Division are key management members of the Group. These persons are Mr Su Chung Jye (currently the Executive Chairman and Chief Executive Officer of the Company) and Mr Wong Pak Kiong (currently an Executive Director of the Company). They are driving and will continue to drive the Property Division of the Group;

- (d) strengthen its balance sheet; and
- (e) seek to improve the overall financial position of the Group.

Further information relating to the Precision Business Division

The RTO exercise was completed in October 2014. The Precision Business Division had made an overall profit amounting to S\$1,443,000 for the 15 months ended 31 December 2014. Notwithstanding the above, the Precision Business Division's results deteriorated towards the end of FY2014 due to a slow-down in sales, and losses recognised for the remaining two months in FY2014 for the Precision Business Division were approximately S\$156,000. Accordingly, an impairment loss was assessed at the Group level on the goodwill relating to the Precision Business Division in FY2014 which amounted to approximately S\$1.6 million. The Precision Business Division's results for the whole of FY2015 amounted to a net loss of approximately S\$714,000. A further impairment of goodwill was made at the Group level amounting to approximately S\$13.8 million in FY2015 as the Company had assessed that the Precision Business Division had further deteriorated in its performance.

The goodwill described above arose from the RTO in 2014, where the total goodwill recognised as a result of the RTO was approximately S\$15.4 million. After the RTO, the Management (with the concurrence of the auditors) had assessed that the recoverable value of the Precision Business Division (one of the Group's cash-generating units) had declined for each financial period, owing to an increasingly challenging and volatile operating environment of the Precision Business Division, which led to the aforementioned impairment losses on goodwill.

By the first quarter of 2016, the Precision Business Division already made a loss of approximately S\$509,000 and its losses for 1H2016 were S\$818,000. In addition, there was an impairment loss of approximately S\$6.2 million recognised for 1H2016 to reduce the carrying amount of the assets of the Precision Business Division following its classification as discontinued operations of the Group, which represents a loss on disposal from the Proposed Disposal of Hisaka International Holdings based on the consideration amount of S\$12,500,000. For 9M2016, the Precision Business Division had made losses of approximately S\$1,017,000 (excluding the impairment loss recognised in 1H2016 mentioned above). Therefore, the Precision Business Division's performance has deteriorated over the past three years.

Further information relating to the Property Division

As previously announced by the Company, the overall property market for Sarawak is expected to remain stable especially for developments in the prime locations. Affordable housing will continue to witness good demand. Due to the more cautious outlook, the Group continues to adjust its development plans and pricing strategies towards more affordable residential developments. For instance, in Bintulu, a fast growing industrial city in Sarawak, the Group is aligning its new project plans towards meeting buyers' price expectations. Nonetheless, the Group's property development business is committed to a diversified property portfolio across a wide range of locations, product offerings and

pricing levels. The property development business portfolio ranges from affordable to high-end residential properties and also comprises commercial and industrial developments. Geographically, the property development business has development projects in both East and West Malaysia. Overall, the Group is cautiously confident that it will be able to counter the headwinds with continual emphasis on cautious and sustainable management through adaptive strategies in: (a) growing beyond Kuching; (b) improving cost competitiveness and control; (c) positioning the Group as the gateway into East Malaysia; and (d) fostering timely strategies to respond to ever changing market needs and demands.

In addition, in the Company's circular relating to the RTO dated 24 September 2014, it had been also disclosed in the "Prospects" section therein that, amongst others:

- (i) The residential non-landed property market in Kuching (the capital of Sarawak) is still young and vibrant and continues to hold potential for growth. Strata-titled condominium/apartment living is slowly gaining wide acceptance locally especially among the younger generation who are receptive to high-rise living and appreciate the corresponding convenience and security.
- (ii) The primary driving forces for the Sarawak property market include job creation, rural to urban migration and population growth potentially arising from more people moving in to Sarawak for work, study, medical services or retirement.
- (iii) The SCORE project, the plan to develop Kuching into a medical hub and immigration are the new driving forces for the growth of Kuching's property market. The SCORE project is one of the key engines for the growth of Kuching's property market. The SCORE project refers to "Sarawak Corridor of Renewable Energy" development plan in central Sarawak. This project will allow Sarawak to price its energy competitively and encourage investments in power generation and energy intensive industries that will act as triggers for the development of a vibrant industrial development in the corridor. Infrastructure projects implemented under the SCORE project are expected to contribute to large investment inflows to Sarawak. The development of infrastructure projects has attracted thousands of professionals both within and outside Malaysia. As these projects usually last for more than a year, the families of these professionals might also migrate to Sarawak permanently or temporarily. Kuching, as the capital of Sarawak, provides better medication and educational environment than the surrounding areas, attracting these families to stay in Kuching while the professionals stay on sites and come back to Kuching for weekends and vacations. These high income groups drive the property market, especially in the more luxurious tier.
- (iv) Kuching's focus on developing itself into a medical hub is another strong drive for the growth of the property market. Kuching now focuses on providing good medication and aims at becoming the regional medical hubs. This would work towards potentially providing an additional demand for housing, in turn fuelling the growth of Kuching's property market.
- (v) The "Malaysia My Second Home Programme" also propels the growth of Kuching's property market. The "Malaysia My Second Home Programme" encourages foreigners to migrate to Malaysia for retirement. Some foreigners prefer Sarawak's leisurely lifestyle, and the living cost in Sarawak may be lower compared to the majority of the foreigners' home countries. Quality medical and healthcare services also attract the 'silver-hair' group to retire there.

The revenue from the Group's Property Division for 9M2016 was higher than that achieved in the nine months ended 30 September 2015 ("9M2015"). In 9M2016, the Group's Property Division's revenue was approximately RM113 million, compared to approximately RM28 million in 9M2015. In addition, as a business division, the Group's Property Division achieved a profit of approximately RM6.3 million in 9M2016.

On the basis of the above, the Directors are cautiously optimistic about the residential property market in Sarawak, and, in particular, in Kuching, and believe that it is likely to remain in moderated growth in the foreseeable future based on levels of activity and continued interest in the launches of the Group's new property projects.

2.5 Disposals of Hisaka Mechatronic and Tech Motion

On 27 May 2016, the Company announced that Hisaka International Holdings and Mr Yap Ah Seng, Alvin (the "HMTM Purchaser") had on 27 May 2016 entered into the HM SPA and the TM SPA for the sale and disposal by Hisaka International Holdings of 100% of the equity interest in Hisaka Mechatronic and Tech Motion respectively to the HMTM Purchaser. The sale and disposal of Hisaka Mechatronic and Tech Motion to the HMTM Purchaser shall be on the terms and subject to the conditions of the HM SPA and the TM SPA respectively.

Under the terms of the HM SPA, the purchase consideration payable by the HMTM Purchaser to Hisaka International Holdings for the disposal of Hisaka Mechatronic is S\$150,000. Under the terms of the TM SPA, the purchase consideration payable by the HMTM Purchaser to Hisaka International Holdings for the disposal of Tech Motion is S\$50,000. In aggregate, the purchase consideration payable by the HMTM Purchaser to Hisaka International Holdings for the disposals of Hisaka Mechatronic and Tech Motion is S\$200,000. The purchase consideration for the disposals of Hisaka Mechatronic and Tech Motion will be paid by the HMTM Purchaser to Hisaka International Holdings, and will not flow to the Company.

Following discussions with the SGX-ST, the Company wishes to update Shareholders that the Company would not be seeking Shareholder approval for the disposal of Hisaka Mechatronic and the disposal of Tech Motion. This is because Hisaka Mechatronic and Tech Motion are subsidiaries of Hisaka International Holdings and Shareholder approval is already being sought for the Proposed Disposal of Hisaka International Holdings.

The HMTM Purchaser is an individual who is a Singapore citizen and resides in Singapore. The HMTM Purchaser is a businessman and is not related to the Group or any of the Company's Directors or substantial shareholders. The HMTM Purchaser is a friend of Mr Cheng Ee Chew, who is the Managing Director of HSPL, and had approached the Group with an offer to acquire Hisaka Mechatronic and Tech Motion.

Completion of the disposal of Hisaka Mechatronic and the disposal of Tech Motion is expected to take place within three (3) months from the conclusion of the EGM or such other date as may be agreed between Hisaka International Holdings and the HMTM Purchaser in writing.

2.6 Values relating to Hisaka International Holdings

2.6.1 Book value of the shares in Hisaka International Holdings

As at 30 September 2016, the book value of 100% of the ordinary shares in the share capital of Hisaka International Holdings (including the book values of Hisaka Mechatronic, Tech Motion, HSPL and the Property) is S\$18,518,000. Excluding the Property, the book value of Hisaka International Holdings (including the book values of Hisaka Mechatronic, Tech Motion and HSPL) would be approximately S\$15.5 million as at 30 September 2016.

2.6.2 NTA value of the shares in Hisaka International Holdings

As at 30 September 2016, the NTA value of 100% of the ordinary shares in the share capital of Hisaka International Holdings (including the NTA of Hisaka Mechatronic, Tech Motion, HSPL and the Property) is S\$18,518,000.

2.6.3 Valuation of the Property

In May 2016, the Company commissioned GB Global Pte. Ltd. to perform a property valuation in respect of the Property for the purpose of determining the value of the Property for sale. GB Global Pte. Ltd. is an internationally-recognised property valuer with expertise in valuing industrial properties, the nature of which is similar to that of the Property.

Based on the property valuation report prepared by GB Global Pte. Ltd. dated 23 May 2016 (the “**May 2016 Property Valuation Report**”), the value of the Property is estimated to be S\$5,500,000, and is based on the “open market value” of the Property as reflected in the May 2016 Property Valuation Report. This property valuation had been carried out using the comparable sales method as the primary method of valuation, which involves a comparison and analysis with recent transactions of similar properties and appropriate adjustments made for differences in location, age, tenure, area, design and layout, condition, standard of finishes, date of transaction and the prevailing economic conditions affecting the property market, among others.

A copy of the property valuation report in respect of the Property is also appended to this Circular as **Appendix 1**.

2.6.4 Impairments over the past two years

There were impairments of goodwill amounting to approximately S\$13.8 million in FY2015 and approximately S\$1.6 million in FY2014 on the Precision Business Division following the RTO. The goodwill arose from the RTO in 2014. It was impaired as the recoverable amount of the Precision Business Division had fallen below its carrying amount. The impairment amount in FY2015 was higher as the performance of the Precision Business Division had deteriorated further.

2.7 Salient terms of the HIH SPA

2.7.1 Transfers to the HIH Purchasers

Pursuant to the Proposed Disposal of Hisaka International Holdings, the respective proportions of the ordinary shares in Hisaka International Holdings to be transferred to the HIH Purchasers are as follows:

- (a) Cheng Ee Chew: 53%
- (b) Cheng Ee Lieng: 37%
- (c) Yong Yew Seng: 10%

2.7.2 Conditions precedent

The Proposed Disposal of Hisaka International Holdings is conditional on, amongst others, the following:

- (a) Hisaka International Holdings obtaining such approval(s) from its board of directors and/or shareholders in connection with the HIH SPA and the transactions contemplated therein as may be necessary;
- (b) the Company obtaining such approval(s) from its Board of Directors, Shareholders (including Shareholders' approval at the EGM) and the SGX-ST (and any other regulatory authority) in connection with the HIH SPA and the transactions contemplated therein as may be necessary;
- (c) there is no material breach by the Parties of their respective representations, warranties, covenants and indemnities contained in the HIH SPA;
- (d) each of the warranties and undertakings under the HIH SPA remaining true and not misleading in any respect at completion of the Proposed Disposal of Hisaka International Holdings, as if repeated at completion of the Proposed Disposal of Hisaka International Holdings and at all times between the date of the HIH SPA and completion of the Proposed Disposal of Hisaka International Holdings; and
- (e) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained by the Company and/or Hisaka International Holdings (including but not limited to any third party change in control restrictions imposed on Hisaka International Holdings and/or its subsidiaries), and such consents, approvals and waivers not having been amended or revoked before completion date of the Proposed Disposal of Hisaka International Holdings, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the relevant Party.

As at the Latest Practicable Date, the conditions set out in sub-paragraphs (a) and (c) above have been satisfied. The remainder of the above conditions in this section shall have to be satisfied on or prior to completion of the Proposed Disposal of Hisaka International Holdings.

2.7.3 HIH Purchase Consideration

The HIH Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account, amongst others, the following:

- (a) the unaudited NTA value of Hisaka International Holdings of approximately S\$19.0 million as at 31 March 2016;
- (b) the decline in the NTA value of the shares in Hisaka International Holdings from approximately \$19.5 million as at 31 December 2015 to approximately S\$19.0 million as at 31 March 2016;
- (c) the past and current loss-making position of Hisaka International Holdings of approximately S\$714,000 in FY2015 and approximately S\$509,000 for the three months ended 31 March 2016; and
- (d) the value of the Property.

Taking into account the HIH Purchase Consideration, the waiver of the Second Inter-company Debt owing by the Company to HSPL (as described in Section 2.7.4 below), the waiver of the inter-company debt owing by Hisaka Mechatronic to the Company (as described in Section 2.13 below) and assuming the Property is sold for S\$5,500,000 (as described in this Section 2.7.3 below), the Proposed Disposal of Hisaka International Holdings represents a loss upon disposal of approximately S\$6,018,000⁽¹⁾.

If the sale of the Property is not taken into account, the Proposed Disposal of Hisaka International Holdings would represent a loss upon disposal of approximately S\$8,506,000⁽²⁾ after taking into account the waiver of the Second Inter-company Debt, and the HM Inter-company Debt.

Notes:

- (1) The loss on disposal is based on the total consideration of S\$12,500,000, the net assets position of Hisaka International Holdings of S\$18,518,000 as at 30 September 2016, the waiver of the Second Inter-company Debt (as defined in Section 2.7.4(ii)) and the waiver of the HM Inter-company Debt (as defined in Section 2.13).
- (2) The loss on disposal is based on the total consideration of S\$7,000,000, the net assets position of Hisaka International Holdings (excluding the carrying amount of the property) of S\$15,506,000 as at 30 September 2016 and the waiver of the Second Inter-company Debt (as defined in Section 2.7.4(ii)) and the waiver of the HM Inter-company Debt (as defined in Section 2.13).

The HIH Purchase Consideration will be payable in two (2) tranches. The first tranche of the HIH Purchase Consideration, which shall be satisfied in cash, is the payment of S\$7,000,000 by the HIH Purchasers to the Company on the completion date of the Proposed Disposal of Hisaka International Holdings. The second tranche of the HIH Purchase Consideration, which shall be satisfied in cash or otherwise in accordance with the terms of the HIH SPA, involves the payment of an amount equivalent to the aggregate of the following components (the "**Second Tranche Consideration**"):

- (a) in the event that the Property is sold, the net proceeds received by HSPL on the completion of the sale of the Property after deducting all fees, costs, charges, disbursements, duties, taxes and expenses incurred relating to the sale of the Property (the "**Sale Proceeds Component**");
- (b) subsequent to completion of the Proposed Disposal of Hisaka International Holdings, in the event that the Property is not sold and the whole or any part of the Property is leased or sub-leased to a third party, the net proceeds of any and all rental monies collected or received by HSPL in respect of leasing or sub-leasing the whole or any part of the Property (the "**Rental Proceeds Component**"). In the event the Property is sold during or after the lease period, no further rental monies shall subsequently accrue under this Rental Proceeds Component of the Second Tranche Consideration (and the Company shall be paid the equivalent of the Sales Proceeds Component pursuant to sub-paragraph (a) above); and
- (c) the sum of S\$1.00 or the equivalent of whatever amount that JTC pays HSPL when the Property reverts to JTC (the "**Reversion Component**"),

(the components in (a), (b) and (c) above, the "**Property Proceeds**").

For the purposes of this Circular, the value of the Second Tranche Consideration shall be estimated to be equivalent to the value of the Property and shall be estimated to be the sum of S\$5,500,000, based on the "open market value" of the Property as reflected in the May 2016 Property Valuation Report, and does not take into account any costs and expenses (such as administrative costs and commissions) incurred or to be incurred in the event of a sale of the Property. On the above basis, the aggregate value of the HIH Purchase Consideration is estimated to be approximately S\$12,500,000.

The abovementioned sale, lease and/or sub-lease of the whole or any part of the Property shall be subject always to the Company, Hisaka International Holdings and/or HSPL receiving all necessary third party, governmental and regulatory consents, approvals and waivers if and where required. Additionally, the Parties have agreed that prior to the Move Out Date, any lease(s) and/or sub-lease(s) to be created under the HIH SPA shall be subject to the prior written consent of the HIH Purchasers and all fees, costs, charges, disbursements, duties, taxes and expenses (including stamp duty) as may be incurred by the Parties and/or HSPL in relation to the creation of such lease(s) and/or sub-lease(s) shall be borne by the Company.

In respect of the Second Tranche Consideration, at any time after the date of completion of the Proposed Disposal of Hisaka International Holdings, the Company may elect in its absolute discretion to direct the HIH Purchasers to procure the assignment of all of HSPL's rights in respect of the remainder of the leasehold term of the Property to the Company, its nominee(s) and/or such person(s) that the Company may direct in its absolute discretion (the "**Assignment**", and the right of the Company to direct the Assignment, the "**Right of Assignment**"). In such an event, the Company shall direct the HIH Purchasers and the HIH Purchasers shall procure the implementation and completion of the aforementioned Assignment. If the Company exercises its Right of Assignment, the HIH Purchasers shall execute a separate deed of assignment and procure and do all such acts and things as may be necessary to carry out and complete the Assignment as soon as reasonably practicable. In the event that the Company exercises its Right of Assignment, the Parties have agreed that the Second Tranche Consideration shall be satisfied in full upon the completion of the Assignment.

In the event that the sale of the Property is completed before the date of completion of the Proposed Disposal of Hisaka International Holdings, the Second Tranche Consideration shall be satisfied in full and paid in cash against the Parties' compliance with their respective obligations under the HIH SPA.

In the event that the sale of the Property has not been completed as at the date of completion of the Proposed Disposal of Hisaka International Holdings, the Parties have agreed that:

- (i) Cheng Ee Lieng and Hisaka International Holdings shall procure HSPL to execute and deliver an irrevocable power of attorney on the date of completion of the Proposed Disposal of Hisaka International Holdings in favour of the Company, granting the Company the power and authority to sell, lease, charge and/or otherwise deal with the Property in the Company's absolute discretion, if and howsoever the Company elects (the "**Power of Attorney**");
- (ii) in the event that the Company exercises its powers under the Power of Attorney to create a security interest over the Property in connection with or for the purpose of providing security for any borrowings and/or financing facilities for the benefit of the Company, the Parties have acknowledged and agreed that the obligations of HSPL and/or Hisaka International Holdings shall be limited only to the granting or provision of a charge or mortgage over the Property as may be required by the relevant lender. In the event that that Property is foreclosed or seized as security under the said charge(s) and/or security relating to the abovementioned borrowings and/or financing facilities, the Parties have agreed that the HIH Purchasers' obligations arising from the Second Tranche Consideration shall be regarded as satisfied in full;
- (iii) the Company shall bear all fees, costs, charges, disbursements, duties, taxes and expenses (including stamp duty) as may be incurred by the Company, Hisaka International Holdings and/or HSPL in relation to the exercise of the Company's powers under the Power of Attorney;

- (iv) the execution of the Power of Attorney and the transactions contemplated thereunder shall be subject always to all necessary third party, governmental and regulatory consents, approvals and waivers where required having been obtained by the Company, Hisaka International Holdings and/or HSPL. The Parties have agreed that on the execution of the Power of Attorney, the Company shall be the sole party responsible and who shall have the power and authority to sell, lease, charge and/or otherwise deal with the Property; and
- (v) subject to the terms of the HIH SPA, at any time after the date of completion of the Proposed Disposal of Hisaka International Holdings, if the Company, Hisaka International Holdings and/or HSPL does not receive all necessary third party, governmental and regulatory consents, approvals and waivers where required for the execution of and the transactions contemplated under the Power of Attorney as required under the HIH SPA, the Company may instruct and direct the HIH Purchasers in writing to procure HSPL to sell, lease, charge and/or otherwise deal with the Property as the Company may direct in its absolute discretion. An example of such third party consent would be that of JTC, the master landlord of the Property.

In the event that the Property is not sold or disposed prior to the reversion of the Property to JTC, all such sums accrued and remaining unpaid under the Rental Proceeds Component of the Second Tranche Consideration (if and where applicable), together with the Reversion Component of the Second Tranche Consideration shall be paid to the Company within three (3) business days from the reversion of the Property to JTC, by way of cashier's order made in favour of the Company or as may be mutually agreed between the Parties. The Property would revert to JTC when the lease expires on 16 September 2024. This circumstance arises as a consequence of the expiry of the lease.

2.7.4 Pre-completion covenants of the Parties

Subject to the Company receiving the relevant and necessary approval(s) from the SGX-ST as required in the HIH SPA, the Company shall take all necessary steps to convene the EGM as soon as practicable to approve the transactions contemplated under the HIH SPA. In this regard, the Company shall procure an irrevocable undertaking from (i) Su Chung Jye, (ii) Wong Pak Kiong and (iii) Ikram Mahawangsa Sdn Bhd on the date of the execution of the HIH SPA, to vote in favour of the Proposed Disposal of Hisaka International Holdings.

As at the date of the HIH SPA, the Company owes the following inter-company debts to HSPL:

- (i) an aggregate amount of S\$6,750,000, in connection with HSPL accepting certain banking facilities with a line of credit of up to S\$9,064,000 (the "**Facilities**") from the Bank (the "**First Inter-company Debt**"); and
- (ii) an aggregate amount of US\$428,000 (approximately S\$584,000) in inter-company loans provided by HSPL to the Company (the "**Second Inter-company Debt**").

Subject to the Company receiving the relevant and necessary approval(s) from its shareholders at the EGM, the HIH Purchasers shall procure the waiver of the Second Inter-company Debt owing by the Company to HSPL. Save for the abovementioned shareholder approval(s), there are no other material conditions relating to the waiver of the Second Inter-company Debt.

2.7.5 Post-completion covenants of the Company

The Company shall procure the full repayment of the First Inter-company Debt and any interest as may be incurred by HSPL in connection with the First Inter-company Debt subsequent to the date of the HIH SPA, to HSPL within three (3) business days from the date of completion of the Proposed Disposal of Hisaka International Holdings, and shall deliver evidence of the reasonable satisfaction of such repayment to the HIH Purchasers upon such repayment.

As at the Latest Practicable Date, the aggregate amount owing (including interest) is:

- (a) First Inter-company Debt: Approximately S\$6,850,000; and
- (b) Second Inter-company Debt: Approximately US\$428,000.

2.7.6 Post-completion covenants of the HIH Purchasers

As at the date of the HIH SPA, the Company has executed:

- (a) a deed of indemnity dated 14 August 2015 in favour of HSPL (the “**Deed**”) in connection with the Facilities; and
- (b) a corporate guarantee dated 28 July 2015 for the sum of S\$9,814,000 in favour of the Bank in connection with the Facilities (the “**Corporate Guarantee**”).

As at the date of the HIH SPA, HSPL has executed:

- (a) a Key Man Insurance Policy in respect of Wong Pak Kiong (a director of the Company) in connection with the Facilities (the “**Key Man Insurance Policy**”); and
- (b) the legal assignment of the benefits under the Key Man Insurance Policy to the Bank in connection with the Facilities.

The abovementioned Key Man Insurance Policy refers to a life assurance plan taken up on one of the Group’s key executives as required by the Bank. This policy forms one of the collaterals of in relation to the Facilities (specifically, a money market loan obtained by HSPL). Since the Facilities were taken up by HSPL, upon full repayment of these Facilities, the Key Man Insurance Policy will be reassigned back to HSPL by the Bank. Thereafter, HSPL would assign the Key Man Insurance Policy to the Company so that the benefit of the Key Man Insurance Policy would vest in the Company.

The HIH Purchasers have undertaken and covenanted that they shall procure HSPL to deliver to the Company evidence to the reasonable satisfaction of the Company of the repayment of HSPL’s indebtedness to the Bank under the Facilities within three (3) business days from the receipt by the HIH Purchasers of such evidence of the full repayment of the First Inter-company Debt. On such repayment of HSPL’s indebtedness to the Bank, the HIH Purchasers shall procure HSPL to deliver to the Company evidence to the reasonable satisfaction of the Company of the following:

- (i) the discharge of the Company’s obligations towards HSPL under the Deed within three (3) business days from the repayment of HSPL’s indebtedness to the Bank;
- (ii) the discharge of the Corporate Guarantee within three (3) business days from HSPL receiving such evidence from the Bank; and

- (iii) the legal assignment of the Key Man Insurance Policy, from HSPL to the Company, within fourteen (14) days from the Bank submitting a revised notice of assignment to the insurer to inform the insurer that the Bank will assign the benefits under the Key Man Insurance Policy back to HSPL upon the full repayment of HSPL's indebtedness to the Bank under the Facilities. The abovementioned assignment(s) of the Key Man Insurance Policy shall be subject to all necessary third party, governmental and regulatory consents, approvals and waivers where required having been obtained by HSPL, the Bank and/or the Company, as the case may be.

2.7.7 Post-completion covenants of the Parties

Subject to the Company receiving the relevant and necessary approval(s) from its Shareholders at the EGM:

- (i) the Company may at any time after completion of the Proposed Disposal of Hisaka International Holdings and in its absolute discretion, give notice in writing to Hisaka International Holdings and Cheng Ee Lieng to vacate the Property. Hisaka International Holdings and Cheng Ee Lieng agree and undertake that they shall procure that the Property be vacated within three (3) months from receipt of such notice from the Company; or
- (ii) the HIH Purchasers may at any time after completion of the Proposed Disposal of Hisaka International Holdings and in their absolute discretion, give notice in writing to the Company that HSPL and/or Hisaka International Holdings intend(s) to vacate the Property. Hisaka International Holdings and Cheng Ee Lieng agree and undertake that they shall procure that the Property be vacated within six (6) months from the service of such notice to the Company,

(in either case, the "**Move Out Date**").

In addition, the Company shall be entitled at any time to direct Hisaka International Holdings and/or HSPL to vacate the Property by furnishing three (3) months' prior written notice to Hisaka International Holdings and/or HSPL if (a) the SGX-ST gives approval in respect of the draft Circular (as defined below) to be issued by the Company or (b) Hisaka International Holdings, HSPL and/or the Company (as the case may be) enters into a definitive sale and purchase agreement in respect of a sale or disposal of the Property by Hisaka International Holdings, HSPL and/or the Company (as the case may be) to a third party purchaser of the Property.

At any time after the date of completion of the Proposed Disposal of Hisaka International Holdings, in the event that:

- (i) the Second Tranche Consideration has not been satisfied in full by the HIH Purchasers to the Company pursuant to the terms and conditions of the HIH SPA; and
- (ii) (a) the HIH Purchasers intend to sell all or some of their shares in Hisaka International Holdings; or (b) Hisaka International Holdings intends to sell all or some of its shares in HSPL to one or more third party purchaser(s) (in either case, the "**Proposed Third Party Sale**"),

the HIH Purchasers shall give notice in writing to the Company to inform the Company of the Proposed Third Party Sale as soon as reasonably practicable (and in any event, prior to the execution of any definitive agreement(s) in relation to the Proposed Third Party Sale). The Parties have agreed that on the Company's receipt of such written notice from the HIH Purchasers, the Parties shall reach a separate agreement (on terms and

conditions to be further negotiated) to resolve any and all matters relating to the Property and the Second Tranche Consideration under the HIH SPA before the Proposed Third Party Sale may be effected.

The Directors are under a duty to act in the best interests of the Company and are required to observe compliance with the provisions of the Listing Manual. In respect of the above arrangement, the Directors will ensure compliance with the requirements of the Listing Manual.

2.8 Proceeds and use of proceeds of the Proposed Disposal of Hisaka International Holdings

The Group estimates that there will be proceeds of approximately S\$12,500,000, being the aggregate of the first tranche of S\$7,000,000 from HIH Purchasers and the estimated value of the Second Tranche Consideration, from the Proposed Disposal of Hisaka International Holdings. The proceeds from the Proposed Disposal of Hisaka International Holdings represents a deficit of approximately S\$6,018,000 against the book value of 100% of the shares in Hisaka International Holdings.

The Group intends to utilise the proceeds from the Proposed Disposal of Hisaka International Holdings as follows:

- (a) Approximately S\$6,850,000 of the proceeds from the Proposed Disposal of Hisaka International Holdings will be employed towards full settlement of the First Inter-company Debt; and
- (b) the remainder, to be employed towards expanding the business under the Group's Property Division and/or general working capital for ongoing operational expenses of the Group.

In the event that the Property is not sold, the Group will only receive S\$7,000,000 and such proceeds will be primarily utilised to paying down the indebtedness of the Group as stated in (a) above.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short term money markets and/or marketable securities, or used for any other purpose on a short term basis, as the Directors may deem appropriate in the interests in the Group.

For the avoidance of doubt, the purchase consideration in respect of the disposals of Hisaka Mechatronic and Tech Motion will be paid by the HMTM Purchaser to Hisaka International Holdings. These proceeds will flow to the HIH Purchasers, and will not flow to the Company.

2.9 Expected completion

Completion of the Proposed Disposal of Hisaka International Holdings is expected to take place within three (3) business days from the conclusion of the EGM or such other date as may be agreed between the Company and the HIH Purchasers in writing.

2.10 The Proposed Disposal of Hisaka International Holdings as a Major Transaction

Under Chapter 10 of the Listing Manual, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the "major transaction".

2.11 Relative figures under Chapter 10 of the Listing Manual in relation to the Proposed Disposal of Hisaka International Holdings

The relative figures for the Proposed Disposal of Hisaka International Holdings, computed on the bases set out in Rule 1006 of the Listing Manual and based on the unaudited consolidated financial statements of the Group for the three months ended 31 March 2016, are set out below.

Listing Rule		Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	70.27% ⁽¹⁾
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits ⁽²⁾	(560.76%) ⁽³⁾
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	50.37% ⁽⁴⁾
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:

- (1) Under Rule 1002(3)(a), "net assets" means total assets less total liabilities. The net asset value of 100% of the shares in Hisaka International Holdings is S\$19,008,000 as at 31 March 2016, compared with the Group's net asset value of S\$27,052,000 as at 31 March 2016. This includes the results of Hisaka Mechatronic, Tech Motion and HSPL.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or (loss) before income tax, minority interests and extraordinary items. It should be noted that there had been a net loss reported for Hisaka International Holdings and for the Group for the three months ended 31 March 2016 as announced by the Company on 13 May 2016.
- (3) The net loss attributable to Hisaka International Holdings for the three months ended 31 March 2016 is S\$639,000. This includes the results of Hisaka Mechatronic, Tech Motion and HSPL.
- (4) Based on the HIH Purchase Consideration (assuming and taking into account that the value of the Second Tranche Consideration is S\$5,500,000 based on the latest available valuation in respect of the Property) and the market capitalisation of the Company of approximately S\$24,814,000 as at 1 June 2016 (being the full market day immediately preceding the date of the HIH SPA). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 200,114,059 ordinary shares, and the volume weighted average price of S\$0.124 per share on 1 June 2016.

On the basis of the above calculations, as the relative figures computed pursuant to Rule 1006(a), Rule 1006(b) and Rule 1006(c) in respect of the Proposed Disposal of Hisaka International Holdings is more than 20%, the Proposed Disposal of Hisaka International Holdings will be considered a major transaction for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Company is seeking the approval of its Shareholders for the Proposed Disposal of Hisaka International Holdings at the EGM.

2.12 Financial effects of the Proposed Disposal of Hisaka International Holdings

Solely for illustration only and based on the Company's consolidated financial statements for its most recently completed financial year ended 31 December 2015, i.e. FY2015, this section sets out the financial effects of the Proposed Disposal of Hisaka International Holdings (taking into account Hisaka Mechatronic and Tech Motion being subsidiaries of Hisaka International Holdings) on the EPS and NTA per Share of the Company.

2.12.1 EPS

The financial effects on the EPS below have been calculated on the assumption that the Proposed Disposal of Hisaka International Holdings was completed on 1 January 2015 (being the beginning of the last full financial year FY2015).

	Before the Proposed Disposal of Hisaka International Holdings	Assuming completion of Proposed Disposal of Hisaka International Holdings at the beginning of FY2015
Loss attributable to Shareholders (Singapore Dollars)	(25,490,000)	(33,281,000) ⁽¹⁾
Number of Shares	200,114,059	200,114,059
Loss per Share (Singapore Dollars)	(0.1274)	(0.1663)

Note:

- (1) The loss attributable to Shareholders before the Proposed Disposal of Hisaka International Holdings is S\$25,490,000. The loss on the Proposed Disposal assuming that the completion of the Proposed Disposal at the beginning of FY2015 is S\$7,791,000. Therefore the Loss attributable to Shareholders assuming the completion of the Proposed Disposal was completed at the beginning of FY2015 is S\$33,281,000.

2.12.2 NTA per Share

The financial effects on the NTA per Share below have been calculated on the assumption that the Proposed Disposal of Hisaka International Holdings was completed on 31 December 2015 (being the end of the last full financial year FY2015).

	Before the Proposed Disposal of Hisaka International Holdings	Assuming completion of Proposed Disposal of Hisaka International Holdings at the end of FY2015
NTA (Singapore Dollars)	26,533,000	19,455,000
Number of Shares	200,114,059	200,114,059
NTA per Share (Singapore Dollars)	0.1326	0.0972

2.13 **Waiver of inter-company debts**

As at the date of the HM SPA, there was an inter-company debt of US\$428,000 (approximately S\$584,000) owing by Hisaka Mechatronic to the Company (the "**HM Inter-company Debt**"). The Company proposes to waive the HM Inter-company Debt on or before the completion of the disposal of Hisaka Mechatronic. As described in Section 2.7.4 of this Circular, the Company owes the Second Inter-company Debt to HSPL and in connection with the Proposed Disposal of Hisaka International Holdings, there will be a waiver of the Second Inter-company Debt owing by the Company to HSPL. From the Group's perspective, the net effect of (i) the waiver of the Second Inter-company Debt owing by the Company to HSPL and (ii) the waiver of the HM Inter-company Debt is that there will be no deficit arising from these two waivers of inter-company debts.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

3.1 Save for their respective interests in the Shares in the capital of the Company, none of the Directors (and their associates) or Controlling Shareholders of the Company (and their associates) has any interest, direct or indirect, in the Proposed Disposal of Hisaka International Holdings.

3.2 **Service Agreements.** No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal of Hisaka International Holdings. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal of Hisaka International Holdings.

4. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Members, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Su Chung Jye ⁽²⁾	9,138,381	4.57	116,424,076	58.18
Wong Pak Kiong ⁽³⁾	10,060,320	5.03	105,526,817	52.73
Low Yew Shen	2,389,000	1.19	–	–
Goon Kok Loon	–	–	–	–
Chong Weng Hoe	–	–	–	–
Francis Hwang Huat Kuong	–	–	–	–
Substantial Shareholders (other than Directors)				
Ikram Mahawangsa Sdn Bhd ⁽⁴⁾	89,026,817	44.49	16,500,000	8.24
Stratland Properties Sdn Bhd	20,397,259	10.19	–	–

Notes:

- (1) The percentages above are based on the Company's issued and paid-up share capital of 200,114,059 shares.
- (2) Su Chung Jye holds 50% of the shares in Ikram Mahawangsa Sdn Bhd and is deemed interested in the Shares that Ikram Mahawangsa Sdn Bhd has an interest in. Su Chung Jye holds 99% of the shares in Stratland Properties Sdn Bhd and is deemed interested in the Shares that Stratland Properties Sdn Bhd has an interest in. Su Chung Jye is the beneficial owner of 7,000,000 Shares registered in the name of Hong Leong Finance Nominees Pte. Ltd.
- (3) Wong Pak Kiong holds 20% of the shares in Ikram Mahawangsa Sdn Bhd and is deemed to be interested in the Shares that Ikram Mahawangsa Sdn Bhd has an interest in.
- (4) Ikram Mahawangsa Sdn Bhd is deemed to be interested in 16,500,000 Shares which were lent to Su Chung Jye, of which 10,000,000 of such Shares are held by Stratland Properties Sdn Bhd.

None of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal of Hisaka International Holdings, other than through their respective shareholdings in the Company.

5. UNDERTAKINGS BY SHAREHOLDERS

The following Shareholders (the “**Undertaking Shareholders**”) have irrevocably and unconditionally undertaken to vote in favour of the Proposed Disposal of Hisaka International Holdings:

- (a) Su Chung Jye, who holds 9,138,381 Shares directly and is deemed interested in 116,424,076 Shares, representing in aggregate approximately 62.75% of the total issued and paid up share capital of the Company;
- (b) Wong Pak Kiong, who holds 10,060,320 Shares directly and is deemed interested in 105,526,817 Shares, representing in aggregate approximately 57.76% of the total issued and paid up share capital of the Company; and
- (c) Ikram Mahawangsa Sdn Bhd, which holds 89,026,817 Shares directly and is deemed interested in 16,500,000 Shares, representing in aggregate approximately 52.73% of the total issued and paid up share capital of the Company.

In aggregate, the Undertaking Shareholders hold and/or control 135,622,777 Shares, comprising approximately 67.8% of the total issued and paid up share capital of the Company. Their undertaking to vote in favour of the Proposed Disposal of Hisaka International Holdings would thereby extend to the abovementioned number of Shares.

6. CURRENCY EXCHANGE RATES

In this Circular, unless otherwise stated, all conversions between currencies have been made on the following bases:

- (a) The currency exchange rate between SGD and MYR is based on (i) an exchange rate of SGD 1 : MYR 2.9155 as at 31 March 2016 for the three months ended 31 March 2016; and (ii) an exchange rate of SGD 1 : MYR 3.0349 as at 30 September 2016 for 9M2016; and
- (b) the currency exchange rate between USD and SGD is based on an exchange rate of USD1 : SGD 0.7320 as at 31 March 2016.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held on 15 December 2016 for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution in respect of the Proposed Disposal of Hisaka International Holdings.

8. DIRECTORS' RECOMMENDATIONS

Having considered the rationale and the terms of the Proposed Disposal of Hisaka International Holdings, the Directors are of the opinion that the Proposed Disposal of Hisaka International Holdings is in the interest of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution in respect of the Proposed Disposal of Hisaka International Holdings, as set out in the Notice of EGM contained in this Circular.

9. ACTION 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 will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Registrar at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, not later than 48 hours before the time fixed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the EGM.

CPF/SRS investors may wish to check with their CPF/SRS Approved Nominees on the procedure and deadline for the submission of their written instructions to their CPF/SRS Approved Nominees to vote on their behalf.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal of Hisaka International Holdings, 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 this 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 45 North Canal Road, #04-01, Singapore 059301 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the HIH SPA;
- (b) the May 2016 Property Valuation Report;
- (c) the HM SPA;
- (d) the TM SPA;
- (e) the Constitution of the Company; and
- (f) the Annual Report of the Company for FY2015.

Yours faithfully

Su Chung Jye
Executive Chairman and Chief Executive Officer

For and on behalf of
the Board of Directors
Regal International Group Ltd.

MAY 2016 PROPERTY VALUATION REPORT

GB GLOBAL:

FORMAL VALUATION REPORT



**63 Sungei Kadut Loop
Hisaka Industrial Building
Singapore 729484**

GB Global Pte Ltd
140 Paya Lebar Road #10-09 Singapore 409015
Tel: 9853 1411 Fax: 6673 0149

Our Ref: JC.2016

23 May 2016

Regal International Group Ltd
45 North Canal Road
#04-01 Singapore 059301

Attention: Board of Directors

Dear Sir,

Formal Valuation of 63 Sungei Kadut Loop Hisaka Industrial Building Singapore 729484

1. PURPOSE OF VALUATION

We have been instructed by **Regal International Group Ltd** to prepare this valuation report for the purpose of determining the open market value of the subject property for sale purposes. This valuation report is confidential to and for use only by **Regal International Group Ltd** and for specific purpose to which it refers.

The term 'Open Market Value' is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming:-

- a) a willing seller;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and the state of the market;
- c) values will remain static throughout the period;
- d) the property will be freely exposed to the market; and
- e) no account is to be taken of an additional bid by a special purchaser.

2. DETAILS OF PROPERTY

- i) Type : A Part 1/Part 3-storey factory building
- ii) Age of Property : Circa 1990's
- iii) Land Area : 5,415.70 square metres (58,294 square feet)
- iv) Floor Area : 4,710.80 square metres (50,707 square feet)

3. LOCATION AND CHARACTERISTICS OF LOCALITY

The subject property is located at Sungei Kadut Loop, off Chao Chu Kang Way at the junction of Sungei Kadut Cres and Sungei Kadut Loop, in the Sungei Kadut Industrial Estate. The immediate neighborhood comprises mainly JTC purpose-built industrial properties.

Prominent developments in the area include the Singapore Race Course. It is in close proximity to the Yew Tee HDB housing estate where amenities such as food centres, markets and retail shops are present.

Public transportation is available along the main road. The nearest MRT station is at Yew Tee and Kranji MRT station which is located a few bus stops away. It is also accessible via the Kranji Expressway, Seletar Expressway and Bukit Timah Expressway.

4. TITLES AND TENURES

- i) Legal Description : MK11-1819T
- ii) Tenure : Leasehold 30 from 16 September 1994
- iii) Other Details : Title search and any other searches with regards to proposed road, drainage or public schemes have not been applied for and/or made available to us. We recommend that they be carried out through your solicitors.

5. TOWN PLANNING

- i) 2014 Master Plan Zoning : MK11-1819T
- ii) Permissible Gross Plot Ratio : Maximum 2.5

6. DESCRIPTION OF SITE

The subject property is sited on an irregular plot of land.

It has a frontage of approximately 74 metres along Sungei Kadut Loop and a depth of approximately 76 metres. The site is flat to the road. The site is bounded by brick walls and a metal gate.

7. DESCRIPTION OF BUILDING

The subject property comprises a purpose built factory consisting of a Part 1/Part 3-storey factory building. Vertical access is via concrete staircase and an interlift.

8. CONSTRUCTION OF BUILDINGS

The buildings are constructed of reinforced concrete structural framework with infill brickwalls, part glass panel façade, reinforced concrete floors, reinforced concrete and steel structure staircases and concrete roof.

Fenestration generally comprises aluminum framed glass windows and roller shutter doors.

9. GENERAL ACCOMMODATION AND FINISHES

- i) Accommodation : 1st Storey - Warehouse, production area, show room area, loading/unloading bay, office area, meeting room, toilet, pantry room, partition rooms,

meeting room, lobby area, toilet

2nd Storey - Lobby area, waiting area, general office, partition rooms, toilet, pantry toilet

3rd Storey - Assembly area, warehouse area, toilet, recreation room, pantry area, production area

- ii) Finishes
 - : Floor - Cement screed, epoxy coated cement screed, ceramic tiles, marble, generally
 - Walls - Ceramic tiles, partitioned boards, emulsion paint on plaster generally
 - Ceiling - Plaster boards, ceiling boards and emulsion paint on plaster generally
- iii) Fittings : Cassette/split unit air-conditioning systems, metal roller shutter, high low cabinets, roller shutters, aluminum framed windows, timber doors, cabinets, display shelves, glass doors, down lights, etc
- iv) Services : All main utility and Telecoms services are available.
- v) Other Improvements : Open and covered tiled driveway, car and lorry parking lots, guard house, plastered brickwall/chain-linked fencing complete with metal main gate.

10. DATE OF INSPECTION

The property was inspected on 20 May 2016.

11. CONDITION

The production areas of the property are generally in average condition, typical of industrial properties. The office and administrative accommodation is in good condition and well maintained.

Note: Our inspection was an external survey and it was not a structure survey of the building or a testing of its service installations.

12. OCCUPANCY

The property is currently occupied by Hisaka (Singapore) Pte Ltd.

13. BASIS OF VALUATION

The valuation is carried out on the subject property in its continued existing use without taking into account any redevelopment potential it may have.

The valuation is based on the information provided to us. In the event that the given information is revised subsequently, a revaluation is necessary.

14. METHOD OF VALUATION

We have adopted the Comparable Sales approach as our primary method of valuation and used the Income approach to provide a counter check to the valuation analysis.

Comparable Sales Method

In the Comparable Sales method, a comparison and analysis is made with recent transactions of similar properties, preferably in the vicinity. Appropriate adjustments are made for differences in location, age, tenure, area, design and layout, condition, standard of finishes, date of transaction and the prevailing economic conditions affecting the property market, among others.

Income Method

In the Income method, the estimated annual rent of the property is capitalized over the remaining term of the lease at an appropriate rate, after deducting the property tax payable and other outgoings to arrive at the capital value of the property.

15. VALUATION

In view of the aforementioned and having taken into consideration the prevailing market conditions and relevant factors, we are of the opinion that the value of the subject property with vacant possession and free from all encumbrances is as follows:-

Date of Valuation	:	23 May 2016
Open Market Value	:	S\$5,500,000/- Singapore Dollar Five Million and Five Hundred Thousand Only

Notes:

1. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
2. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

For and On Behalf of
GB GLOBAL PTE LTD



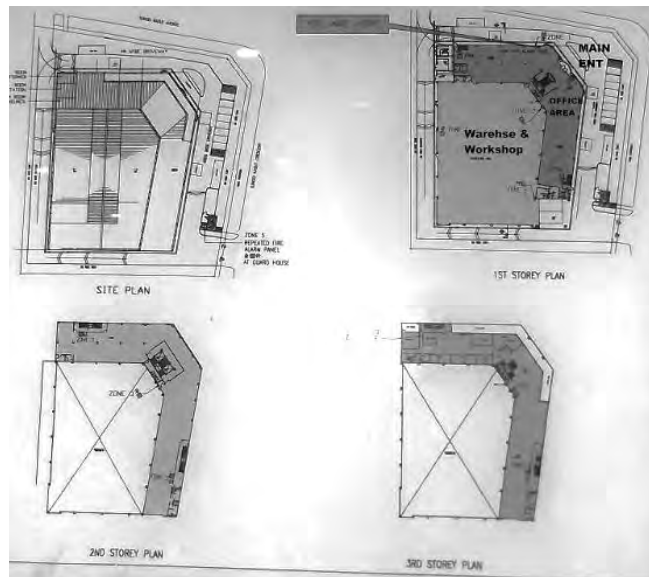
Yick Keng Hang
Managing Director
BSc (Est Mgt) MSISV
Appraiser's Licence No. AD041-2002007E

Enclosures: Location Map, Site Plan, Photographs, Limiting Conditions

Location Map



Floor Plan



External Photographs



Internal Photographs



LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
3. Where it is stated in the Report that information has been supplied to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable. The Valuer accepts no responsibility if this should prove not to be so.
4. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.
5. Unless expressly instructed, we do not carry out structural survey, nor do we test the building services. We will not be able to report that the building is free from rot, infestations or other hidden defects.
6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
8. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

REGAL INTERNATIONAL GROUP LTD

(Incorporated in the Republic of Singapore)

(Company registration no. 200508585R)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of **REGAL INTERNATIONAL GROUP LTD.** (the “**Company**”) will be held at 63 Sungei Kadut Loop, Singapore 729484 on Thursday, 15 December 2016 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out below.

Capitalised terms which are not defined in this Notice of EGM shall carry the same meanings ascribed to them in the circular to Shareholders dated 29 November 2016 (the “**Circular**”).

(1) ORDINARY RESOLUTION

PROPOSED DISPOSAL OF HISAKA INTERNATIONAL HOLDINGS

THAT approval be and is hereby given:

- (i) for the Company to enter into and carry out the Proposed Disposal of Hisaka International Holdings on the terms and subject to the conditions set out in the HIH SPA as more particularly described in the Circular; and
- (ii) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of completing the Proposed Disposal of Hisaka International Holdings and/or the transactions contemplated by this resolution.

BY ORDER OF THE BOARD

Regal International Group Ltd.

Su Chung Jye
Executive Chairman and Chief Executive Officer

29 November 2016
Singapore

Notes:

- (a) A member of the Company (other than a Relevant Intermediary*) is entitled to attend and vote at the Extraordinary General Meeting (“EGM”) and may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (b) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (c) If the member is a corporation, the instrument appointing the proxy must be under its seal or under the hand of an officer or attorney duly authorised.
- (d) The instrument appointing a proxy must be deposited at the office of the Company’s Share Registrar at 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 not less than 48 hours before the time appointed for holding the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) 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; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Extraordinary General Meeting (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.

REGAL INTERNATIONAL GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company registration no. 200508585R)

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We*, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members* of **REGAL INTERNATIONAL GROUP LTD.** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at 63 Sungei Kadut Loop, Singapore 729484 on Thursday, 15 December 2016 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

	Ordinary Resolution	Number of votes for [#]	Number of votes against [#]
(1)	To approve the Proposed Disposal of Hisaka International Holdings Pte. Ltd.		

[#] If you wish to exercise all your votes "For" or "Against", please indicate so with a [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) and Common Seal of
Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS FORM

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 member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
 3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
 4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
 5. Subject to Note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 not less than forty-eight (48) hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. 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 Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.
 9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
- * A Relevant Intermediary is:
- (a) a banking corporation licensed under the Banking Act (Chapter 19) 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; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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. 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 seventy two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

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 Extraordinary General Meeting dated 29 November 2016.