

CIRCULAR DATED 1 February 2021

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
PLEASE READ IT CAREFULLY.**

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 or transferred all your ordinary shares in the issued share capital of Arion Entertainment Singapore Limited (the “Company”), you should forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Circular has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

ARION ENTERTAINMENT SINGAPORE LIMITED
(the “**Company**”)

(Incorporated in the Republic of Singapore)
(Company Registration No. 199407135Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE THE
PROPERTY BUSINESS AND THE MONEYLENDING BUSINESS**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	14 February 2021 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	16 February 2021 at 9.30 a.m.
Place of Extraordinary General Meeting	:	The EGM will be held via electronic means

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context requires otherwise or 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
“Audit Committee”	: The audit committee of the Company as constituted from time to time
“Board” or “Board of Directors”	: The board of directors of the Company, as at the date of this Circular
“Catalist Rules”	: The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 1 February 2021 in respect of the Proposed Diversification
“Company”	: Arion Entertainment Singapore Limited
“Controlling Shareholder”	: A person who: (a) holds directly or indirectly 15% or more of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a Controlling Shareholder); or (b) in fact exercises control over the Company
“Director”	: A director of the Company, as at the date of this Circular
“EGM”	: The extraordinary general meeting of the Company, notice of which is set out on page N-1 of this Circular
“EPS”	: Earnings per Share
“Existing Core Business”	: Has the meaning ascribed to it in section 2.1 of this Circular
“FY”	: Financial year ended or ending, as the case may be, 31 March
“Group”	: The Company and its subsidiaries
“Hong Kong”	: Hong Kong Special Administrative Region of the PRC

“Latest Practicable Date”	: 18 January 2021, being the latest practicable date prior to the issue of this Circular
“Moneylending Business”	: Has the meaning ascribed to it in section 2.2 of this Circular
“Money Lenders Ordinance”	: The Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time.
“Money Lenders License”	: The money lenders’ license(s) issued by the Licensing Court of Hong Kong pursuant to the Money Lenders Ordinance and Money Lenders Regulations for carrying out lending businesses in Hong Kong
“Money Lenders Regulations”	: The Money Lenders Regulations (Chapter 163A of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Notice of EGM”	: The notice of the Extraordinary General Meeting
“NTA”	: Net tangible assets
“PRC”	: People’s Republic of China
“Property Business”	: Has the meaning ascribed to it in section 2.2 of this Circular
“Proposed Diversification”	: Has the meaning ascribed to it in section 1.1 of this Circular
“Proposed New Businesses”	: The proposed Property Business and the proposed Moneylending Business
“Proxy Form”	: The proxy form in respect of the EGM as set out in 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
“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 issued share capital of the Company

- “Substantial Shareholder”** : A person who has an interest or interests in the voting Shares in the Company representing not less than 5.0% of all the voting Shares
- “Working Committee”** : The working committee of the Company comprising the Executive Director of the Company, Mr Ng Kai Man as the Chairman and the members of the Audit Committee from time to time as members
- “%”** : Percentage and per centum

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

The term **“subsidiary”** shall have the same 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, SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, SFA, the Catalist Rules or such statutory regulatory modification thereof, as the case may be, unless otherwise provided.

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

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 figures in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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 “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should

not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

ARION ENTERTAINMENT SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199407135Z)

Directors:

Mr Ng Kai Man *(Executive Director)*
Mr Chou Kong Seng *(Independent Non-Executive Director)*
Mr Kesavan Nair *(Independent Non-Executive Director)*
Mr Lee Keng Mun *(Independent Non-Executive Director)*

Registered Office:

138 Robinson Road #26-03
Oxley Tower
Singapore 068906

1 February 2021

To: The Shareholders of Arion Entertainment Singapore Limited

Dear Sir / Madam,

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 16 February 2021 at 9.30 a.m. via electronic means to seek Shareholders' approval for the proposed diversification of the Group's business to include the Proposed New Businesses as elaborated in section 2.2 of this Circular (the "**Proposed Diversification**").

The Proposed Diversification is set out as an ordinary resolution in the Notice of 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 abovementioned Proposed Diversification. Shareholders' approval will be sought at the EGM, notice of which is set out on page N-1 of this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purposes.

2. THE PROPOSED DIVERSIFICATION

2.1 Existing Core Business of the Group

The Group is principally engaged in the existing core business, comprising the businesses of:

(i) the publication of lifestyle magazines; and

(ii) events management,

(collectively, the "**Existing Core Business**").

As at the Latest Practicable Date, the Existing Core Business, which is carried out in Malaysia, is the sole revenue contributor to the Group. Subsequent to the Proposed Diversification, it is envisaged that the Group will continue to rely substantially on the Existing Core Business for the short to medium term.

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The Group remains committed to the Existing Core Business so long as its continuity is in the best interest of the Group and its Shareholders.

2.2 Information regarding the Proposed Diversification

Upon obtaining the approval of Shareholders for the Proposed Diversification at the EGM, the Group intends to expand its Existing Core Business to include the Proposed New Businesses as set out below, as and when appropriate opportunities arise.

(a) The Property Business

The Property Business is intended to consist of:

(i) Real Estate Brokerage

It is intended for the Group to provide brokerage services in respect of entire residential, commercial (retail and/or office) and industrial buildings and developments, and any other suitable types of buildings and developments (including mixed-use developments), and land to be used for the development and/or construction of such buildings and developments to property developers or commercial clients.

Please refer to section 2.11 of this Circular for more details on the real estate brokerage business and the potential conflicts of interest that may arise in respect thereof;

(ii) Franchising

It is intended for the Group to acquire or develop a proprietary system (which may comprise marketing and operating systems, retail networks, real estate agent networks, website and information systems, etc.) to be used for the establishment, development and daily operations of real estate brokerage offices and businesses. It is intended for the Group to franchise the proprietary system to licensed real estate brokers who can readily establish and/or develop their brokerage business leveraging on such proprietary system and franchise brand name.

Please refer to section 2.11 of this Circular for more details on the franchising business and the potential conflicts of interest that may arise in respect thereof;

(iii) Leasing

It is intended for the Group to purchase and hold property for the purposes of leasing such properties out for the collection of rent, capital growth potential and/or the provision of property related services and facilities;

(iv) Property-related Services

It is intended for the Group to provide mainly to property developers, owners and occupiers property-related consultancy and property management services such as security, building maintenance and repairs, cleaning services, facilities management, landscape management and car park management;

(v) Property Investment

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It is intended for the Group to engage in property investment activities in both Singapore and Hong Kong, with a particular focus on property, property related assets (including securities issued by any property fund or property investment company) and property projects; and

(vi) Property Development

It is intended for the Group to engage in property development activities such as the acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties) in both Singapore and Hong Kong.

(collectively, the “**Property Business**”).

The Group intends to focus its Property Business efforts initially in Singapore, being the country of its establishment, and also in Hong Kong because the Executive Director of the Company, Mr Ng Kai Man, is familiar with and has a wide network of business associates to leverage in seeking out opportunities in the Singapore and Hong Kong property industry. The Group may subsequently venture into other countries when suitable opportunities arise.

The Executive Director of the Company, Mr Ng Kai Man, is of the view that the Property Businesses has been relatively stable vis-à-vis other industries in this Coronavirus (COVID-19) pandemic in Hong Kong and Singapore. Notwithstanding the current challenges and headwinds in the economies of both countries and worldwide, the volume of transactions in the Property Business remains encouraging.

(b) **The Moneylending Business**

The Moneylending Business is intended to consist of:

(i) Property Financing to Corporations

It is intended for the Group to provide property financing loans to corporations, including but without limitation to, property financing in the form of mezzanine loans. Mezzanine loans are a hybrid of debt and equity financing and it provides the Group the right to convert or acquire an equity interest in the borrower in addition to interest income. Mezzanine loans are also a means of safeguarding or recovering loans to corporations whereby the shares of the borrowing corporation is provided as collateral for the loan.

Corporate loans described above may be secured by floating or fixed charge over certain assets of the borrower or, in the case of mezzanine loans, by the shares of the borrower. In certain cases, personal guarantees from major shareholders of the borrower may also be required. Such corporate loans usually have maturities ranging between six (6) months to twenty-four (24) months.

(ii) Property Financing to Individuals

It is also intended for the Group to provide personal loans to individuals, which will relate exclusively to property financing, or second mortgage/government housing loan agreements, which will typically be secured by a first or second mortgage charge on the properties provided by the borrower or third-party guarantor.

(iii) Personalised Debt Management Advisory Services

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It is intended for the Group to provide professional and personalized debt management advisory services to both corporations and individuals in respect of property or property-related financing.

(collectively, the “**Moneylending Business**”).

The Group intends to focus its Moneylending Business efforts initially in Hong Kong because the Executive Director of the Company, Mr Ng Kai Man, is familiar with and has a wide network of business associates to leverage in seeking out opportunities in Hong Kong. The Group may subsequently venture to other countries when suitable opportunities arise.

In respect of the Moneylending Business, the Executive Director of the Company, Mr Ng Kai Man, is optimistic about the business prospects for finance companies in the Moneylending Business in Hong Kong, having considered, amongst others, that the regulatory framework for finance companies in Hong Kong, whilst equally stringent and robust, are less restrictive compared to that for banks. For instance, based on Mr Ng Kai Man’s experience and industry knowledge, in respect of asset financing in Hongkong, finance companies are permitted to provide loans of up to the full value of the asset under certain circumstances (based on, where applicable, the net asset value of the borrower, and the repayment ability and credit history of the borrower), unlike banks which are subject to certain loan-to-value ratios.

2.3 Rationale for the Proposed Diversification

The Board proposes to diversify the Group’s business to include the Proposed New Businesses for the following reasons:

(a) Reduce reliance on its Existing Core Business and create more revenue streams

The Group is currently only involved in the Existing Core Business which is becoming increasingly challenging and competitive. The Proposed Diversification will reduce the Group’s reliance on its Existing Core Business and open up a new business segment and revenue stream for the Group.

(b) Enhance Shareholders’ value

The Proposed Diversification is part of the corporate strategy of the Company to realign the Group’s business strategies and improve profits, as well as provide Shareholders with diversified returns and long-term growth. The Board believes that the Proposed Diversification will offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders’ value for the Company.

The COVID-19 pandemic has impacted the global economy significantly and is expected to have an adverse impact on the Group’s operations in Malaysia in the financial year ending 31 March 2021. Although the Group continues to rationalize the activities of its Existing Core Business, the Board believes that entry into the Property Business and Moneylending Business is beneficial to further diversify the Group’s business in order for the Group to remain competitive.

(c) The Proposed Diversification will give the Group flexibility to enter into transactions relating to the Proposed New Businesses in the ordinary course of business

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Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Proposed New Businesses, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed New Businesses and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Proposed New Businesses arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding the foregoing, the Group will seek Shareholders' approval in the scenarios described in sections 2.10(a) to 2.10(c) of this Circular.

- (d) *The Executive Director of the Company, Mr Ng Kai Man, is familiar with and has a wide network of associates to leverage in seeking out opportunities in Hong Kong and/or Singapore*

The Board believes that the Proposed Diversification represents an opportunity to establish a new business segment for the Group which will enable the Group to access new business opportunities in the property and moneylending markets. The Board believes that the Group can leverage on Mr Ng Kai Man's familiarity with and a wide network of business associates to seek out profitable opportunities in Hong Kong and/or Singapore.

Based on the above, the Board is of the view that the Proposed Diversification is in the best interests of the Company and Shareholders.

2.4 Approvals, Licences and Government Regulations

- (a) *Property Business*

Hong Kong

There are numerous regulations pertaining to the operation of the Property Business in Hong Kong, including but not limited to, the Estate Agents Ordinance (Cap. 511), which governs, *amongst others*, the licensing of estate agents and regulation of estate agency work, the Landlord and Tenant (Consolidation) Ordinance (Cap. 7), which governs, *amongst others*, the protection and determination of tenancies, and the control and recovery of rent, as well as the Property Management Services Ordinance (Cap. 626), which governs, *amongst others*, the regulation and control of the provision of property management services. Additionally, the Securities and Futures Ordinance (Cap. 571) may be applicable to the sale of real estate and/or real estate projects as far as property investment and development is concerned, to the extent that such sale may give rise to a collective investment scheme.

The Group will apply for all the requisite licences and/or permits as are necessary, desirable or required for any activities carried out in Hong Kong under the Property Business.

Singapore

There are also numerous regulations pertaining to the operation of the Property Business in Singapore, including but not limited to, the Estate Agents Act (Cap. 95A) to regulate real estate agents and their salespersons. Housing Developers (Control & Licensing) Act (Cap.

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130) relates to licensing and control of developers whilst the Building Control Act (Cap. 29) aims to ensure that building works comply with standards for safety, accessibility, environmental sustainability and buildability. Additionally, the Securities and Futures Act (Cap. 289) may be applicable to the sale of real estate and/or real estate projects as far as property investment and development is concerned, to the extent that such sale may give rise to a collective investment scheme.

The Group will apply for all the requisite licences and/or permits as are necessary, desirable or required for any activities carried out in Singapore under the Property Business.

(b) Moneylending Business

There are two main types of legal lenders in Hong Kong, namely the authorised institutions regulated by the Hong Kong Monetary Authority and governed under the Banking Ordinance (Cap. 155), and licensed lenders which are subject to the Money Lenders Ordinance.

Under the Money Lenders Ordinance in Hong Kong, a Money Lenders License must be obtained for the operation of a lending business in Hong Kong. The Money Lenders License is required for companies which are engaged in the business of making loans, or which advertises or announces itself or holds itself out in any way as carrying on that business.

The Group will apply for all the requisite licences and/or permits as are necessary, desirable or required for any activities carried out in Hong Kong under the Moneylending Business.

2.5 Management of the Proposed New Businesses

The Group recognises that the Proposed New Businesses are ultimately different from its Existing Core Business. However, the Group notes that the relevant experience and expertise required can be acquired and developed by the Group over time as it progresses in the Proposed New Businesses. The Group will monitor developments and progress in the Proposed New Businesses and will continually evaluate the manpower and expertise required for the Proposed New Businesses. As and when required, the Group will seek the advice of or hire suitably qualified personnel, external consultants, external industry experts and professionals for the Proposed New Businesses, to manage the Proposed New Businesses and take it forward. Shareholders will be updated accordingly from time to time. It is currently envisaged that the management of the Proposed New Businesses will be initially spearheaded by the Executive Director of the Company, Mr Ng Kai Man, who will be supported by senior management of the Group. Thereafter, the Group will recruit personnel with the relevant expertise as and when the need arises.

The Group may enter into joint ventures and/or foster partnerships with third parties in the relevant industries to undertake the Proposed New Businesses more effectively. Such partnerships may either be on a case-by-case basis or on a longer-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned. The Group may also look for potential targets which will allow the Group to undertake acquisitions of existing businesses in the Property Business and/or the Moneylending Business. This will enable the Group to have an immediate foothold in the Proposed New Businesses.

2.6 Risk Management Procedures

To address the risks presented by the proposed diversification of the Group's business into the Proposed New Businesses, the Working Committee will comprise the Executive Director of the Company, Mr Ng Kai Man as the Chairman and the members of the Audit Committee from time to

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time as members of the Working Committee. The Working Committee will be tasked with the responsibility of overseeing the risk management activities and internal controls of the Group in relation to the Proposed New Businesses following the Proposed Diversification.

The Working Committee will, with the input and/or recommendations of the management team:

- (i) be involved in identifying and managing the various business risks relating to the Proposed New Businesses;
- (ii) be required to review and accept appropriate risk management and internal control procedures and measurement methodologies formulated by the management team before tabling to the Board for its approval; and
- (iii) adopt internal investment policies and procedures which will be implemented by the management in evaluating new investments before tabling to the Board for its approval.

The Board and the Audit Committee will, with the input and/or recommendations of the Working Committee:

- (i) endeavour to ensure that the relevant risk management and internal control systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Proposed New Businesses, protects the integrity of the Group's financial and accounting information, promote accountability and prevent fraud where necessary; and
- (ii) review the adequacy and effectiveness of such risk management and internal control systems at least annually.

All investments will be subject to the approval of the Board. The decision on whether an investment and/or project should be undertaken by the Group will be made by the Board after taking into consideration various factors, such as the nature and scale of the project, amount of investment required and risks associated with such an investment, availability and costs of financing, nature of expertise required, the period of time that is required to complete the project and market conditions, taking into account the opportunities available.

The Board and the Working Committee will be updated by the Company's management on the performance of its projects and/or investments on at least a quarterly basis.

As at the date of this Circular, the Group has not identified any specific viable opportunities pertaining to the Proposed Diversification. This Circular does not contain information on any project or transaction that may be entered into by the Group in the future.

2.7 Funding for the Proposed New Businesses

Each of the Proposed New Businesses will require sufficient capital to fund its inception, daily operations and future growth and expansion plans. In particular, the property development and property investment businesses under the Property Business as well as the Moneylending Business are capital intensive in nature. To the extent that funds generated from operations and internal funds have been exhausted and subject to the then market conditions and financial consideration, the Group may tap into the capital markets and explore secondary fund-raising exercises such as rights issues, share placements and/or issuance of debt instruments to fund the Proposed New Businesses.

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In addition, as and when necessary and deemed appropriate, the Group may also raise funds through borrowings from external parties (including financial institutions). The Directors will determine the optimal mix of internal funding and external borrowings, taking into account the Group's cash flow and prevailing bank financing costs, amongst other factors.

Please refer to Section 3.2.11 and Sections 3.3.6 to 3.3.8 for more information on the risk factors relating to the funding of the Proposed New Businesses.

2.8 Financial Effects

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the Proposed New Businesses and is therefore unable to determine the financial impact from the Proposed Diversification on the net profit, EPS or NTA of the Group for FY2021.

Should there be any material impact on the Group's NTA per Share and EPS for FY2021 as a result of the Proposed Diversification, the Company will make the necessary announcements at the appropriate time.

2.9 Financial reporting

The Proposed New Businesses will be accounted for as two new business segments in the Group's financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financial results of each of the Proposed New Businesses as part of the Group's financial statements. The financial results of each of the Proposed New Businesses together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic results announcements, the Group may provide segmented financial results relating to the Proposed New Businesses where appropriate or if required under any applicable accounting standards and the Catalist Rules.

2.10 Chapter 10 of the Catalist Rules

As the Proposed New Businesses are substantially different from the Group's Existing Core Business, it is envisaged that the Proposed Diversification may change the risk profile of the Group. Accordingly, the Company is seeking Shareholders' approval for the Proposed Diversification at the EGM to be convened.

Upon the Shareholders' approval of the Proposed Diversification, any investment or acquisition which is in, or in connection with, the Proposed New Businesses, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed New Businesses and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential opportunities arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained:

- (a) when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the Proposed New Businesses, or where any of the Catalist Rule 1006 figures in respect of several transactions in respect of

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the Proposed New Businesses aggregated (the “**Aggregated Transactions**”) over the course of 12 months exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at general meeting;

- (b) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company’s ordinary course of business and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval of Shareholders at a general meeting; and
- (c) Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such acquisitions or disposals must therefore be, amongst others, made conditional upon approval of Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls under category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.11 Conflicts of Interests

2.11.1. Pursuant to the Catalist Rules, conflicts of interest arise when any of the Directors, chief executive officer, Controlling Shareholders and/or their associates are involved in any of the following situations:

- (i) carry on business transactions with the Company or provide services to or receive services from the Group;
- (ii) lend to or borrow from the Group;
- (iii) lease property to or from the Group; or
- (iv) have an interest in businesses that are competitors, suppliers or customers of the Group.

As stated in section 2.5 of this Circular above, the Group may undertake its Proposed New Businesses through, *inter alia*, acquisitions or joint ventures, in the Property Business and/or the Moneylending Business. If any such acquisition or joint venture (or such other “transaction” as defined under Chapter 9 of the Catalist Rules) is entered into with a Director, chief executive officer or Controlling Shareholder of the Company, and/or their associates, it will be regarded as an interested person transaction under Chapter 9 of the Catalist Rules. In addition, should any of the Proposed New Businesses involve recurring transactions of a revenue or trading nature or necessary for the day-to-day operations of such business, and such recurring transactions are entered into with a Director, chief executive officer or Controlling Shareholder of the Company and/or their associates, these recurring transactions are also interested person transactions which will be subject to a general mandate to be obtained from Shareholders under Chapter 9 of the Catalist Rules.

2.11.2. Potential Conflicts of Interest

Mr Ng Kai Man, Century 21 Businesses

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Mr Ng Kai Man, the Executive Director of the Company, owns:

- (i) the entire issued and paid-up capital of Century 21 Singapore Holdings Pte Ltd; and
- (ii) the entire issued and paid-up capital of Menkin Ltd, which in turn owns the entire issued and paid-up capital of Century 21 Hong Kong Limited,

(Century 21 Singapore Holdings Pte Ltd and Century 21 Hong Kong Limited are collectively, the “**Century 21 Entities**” and the businesses carried on by such entities, the “**Century 21 Businesses**”).

The Century 21 Entities are primarily engaged in the franchising business. Each of the Century 21 Entities owns the master franchise of the “Century 21” brand for Singapore, Hong Kong and Macau respectively and derives its revenue mainly from the licensing and/or franchising fees in respect of the “Century 21” brand. The Century 21 Entities grant sub-franchises and sublicense the “Century 21” trademark and the franchise system to licensed real estate brokers in Singapore, Hong Kong and Macau, in respect of providing brokerage services to individuals or corporate clients for mass market sale and purchase of residential and commercial property units.

Mr Ng Kai Man is also a Director of each of the Century 21 Entities. He oversees the overall management and formulates growth plans and strategic direction of the Century 21 Businesses. The daily operations of the Century 21 Businesses are carried out by the respective management teams which report to Mr Ng Kai Man. Notwithstanding his involvement in the Century 21 Businesses, Mr Ng Kai Man is not employed by each of the Century 21 Entities, and as such is not entitled to and does not receive any salary or other employment-related remuneration from any of the Century 21 Entities, but as a shareholder is entitled to any dividends which may be declared and/or other capital distribution made by each of the Century 21 Entities.

In the event that the Group undertakes the franchising business of its Property Business, the Group may either acquire the Century 21 Entities from Mr Ng Kai Man, or undertake the franchising business as a master franchisee for the “Century 21” brand in a country other than Singapore, Hong Kong or Macau or undertake the franchising business under a different franchise brand in a country other than Singapore, Hong Kong or Macau.

Where the Group decides to acquire the Century 21 Entities from Mr Ng Kai Man, no actual or potential conflicts of interest would arise in connection with the franchising and real estate brokerage business under the Property Business. Such acquisition will be deemed as an interested person transaction pursuant to Chapter 9 of the Catalist Rules, in which case such transaction will be required to comply with the provisions of Chapter 9 of the Catalist Rules.

All interested person transactions will be reviewed by the Audit Committee to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee will also review such interested person transactions to ensure that they comply with the approval and disclosure requirements as set out in Chapter 9 of the Catalist Rules.

In the event that such interested person transactions require the approval of the Shareholders of the Company, additional information may be required to be presented to the Shareholders and an independent financial adviser may be appointed to opine on whether the transaction (and all other transactions which may be aggregated with it) are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Mitigating Factors

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The Board is of the view that the Century 21 Businesses do not compete directly or indirectly with the franchising business of the Property Business as the Century 21 Businesses are conducted in Singapore, Hong Kong and Macau and, as mentioned above, it is intended that the franchising business of the Property Business will be carried on in a country other than the said three territories (should the Group not acquire the Century 21 Entities from Mr Ng Kai Man).

Nonetheless, in order to mitigate any potential conflicts of interest between the Group and Mr Ng Kai Man, and subject to Shareholders' approval for the Proposed Diversification being obtained at the EGM, the Company intends to enter into a non-compete undertaking with Mr Ng Kai Man ("**Non-Compete Undertaking**") where Mr Ng Kai Man will undertake to the Company that for the period commencing on the date of the EGM and ending on the earlier of (i) the date on which Mr Ng Kai Man and/or his associates is no longer an interested person of the Company (as defined under Catalist Rule 904(4)); (ii) the date on which the Company ceases to be listed on the SGX-ST; or (iii) the date on which Mr Ng Kai Man and/or his associates cease to be the owner of the Century 21 Entities, *inter alia*, the following:

- (a) save for his existing investment in Century 21 Entities, he shall not, and shall use his best endeavours to procure that his associates shall not, whether directly or indirectly, either alone or jointly with, through or on behalf of any person, company or entity carry on, or be engaged, or interested in any capacity (save for investments in the nature of passive investment of not more than five (5.0%) of the total amount of issued securities of the same class in a corporation, with no management or executive role, board representation or control and influence over the day-to-day operations or business decisions of such corporation) in any business in Singapore, Hong Kong or elsewhere which is in competition with or similar to the Property Business carried on or to be carried on by the Group ("**Competing Business**"), in each case, whether as a shareholder, director or otherwise;
- (b) if any business opportunity to engage in any Competing Business in the territories in which the Group operates or intends to operate in is offered to Mr Ng Kai Man or his associates, Mr Ng Kai Man shall immediately notify or cause his associates to notify the Company or Working Committee of such business opportunity, and if directed to do so by the Board, Mr Ng Kai Man shall use his best efforts to assist the Group to obtain such business opportunity on terms acceptable to the Group;
- (c) if any opportunity to acquire the master franchise rights for the "Century 21" brand or for any real estate-related brand franchise for any country worldwide is offered to Mr Ng Kai Man or his associates, Mr Ng Kai Man shall immediately notify or cause his associates to notify the Company or Working Committee of such opportunity, and if directed to do so by the Board, Mr Ng Kai Man shall use his best efforts to assist the Group to obtain such opportunity on terms acceptable to the Group; and
- (d) he shall not share any confidential information of the Group, whether in relation to the Property Business or otherwise, with any person or entity outside of the Group.

In addition to the Non-Compete Undertaking, subject to Shareholders' approval being obtained at the EGM, Mr Ng Kai Man intends to grant a right of first refusal in favour of the Group in relation to **any proposed offer by Mr Ng Kai Man or his associates to sell, transfer or otherwise dispose of any interest in any of the Century 21 Businesses** for the period commencing on the date of the EGM and ending on the earlier of (i) the date on which Mr Ng Kai Man is no longer an interested person of the Company (as defined under Catalist Rule 904(4)); (ii) the date on which the Company ceases to be listed on the SGX-ST; or (iii) the date on which Mr Ng Kai Man and/or his associates cease to be the owner of the Century 21 Businesses ("**Right of First Refusal**").

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The Board is of the view that any potential conflicts of interest in connection with Mr Ng Kai Man are also mitigated by the following, in addition to the Non-Compete Undertaking and Right of First Refusal set out above:

- (a) Mr Ng Kai Man is bound by fiduciary duties to the Company, including the duty to act in good faith and in the best interests of the Company. He is also subject to the duty of confidentiality to not divulge confidential information of the Group to any third parties.
- (b) Mr Ng Kai Man shall disclose and not be involved, whether directly or indirectly, in any Board deliberation of any contract, arrangement, proposal, transaction or matter in relation to the Property Business in the event that there is a conflict of interest arising due to his interests in the Century 21 Businesses as set out above.
- (c) Mr Ng Kai Man shall disclose and abstain from voting, in the capacity of Director, in respect of any contract, arrangement, proposal, transaction or matter in relation to the Property Business in the event that there is a conflict of interest arising due to his interests in the Century 21 Businesses as set out above.
- (d) Mr Ng Kai Man and/or his associates shall abstain from voting on any resolutions proposed at a general meeting to seek Shareholders' approval for any interested person transactions in which he and/or his associates are involved in, in accordance with Chapter 9 of the Catalyst Rules.

Ms Ng Yan Pui, C21 Group and real estate brokerage

The entire issued and paid-up capital of Century 21 Group Limited ("**C21 Group**") is owned by Ms Ng Yan Pui, who is also a director of C21 Group. Ms Ng is the daughter of the Executive Director of the Company, Mr Ng Kai Man. Accordingly, Ms Ng Yan Pui is an associate of Mr Ng Kai Man pursuant to the Catalyst Rules.

The C21 Group franchises and licences the "Century 21" brand from Century 21 Hong Kong Limited and is one of the real estate brokerage franchisee companies operating under the "Century 21" brand in Hong Kong. The C21 Group is primarily engaged in the business of providing real estate brokerage services to individuals or corporate clients for mass market sale and purchase of residential and commercial property units (where each transaction usually involves the sale and purchase of a single property unit) and does not engage in the other aspects of the Property Business.

Mitigating Factors

The Board is of the view that the business of C21 Group does not compete directly or indirectly with the real estate brokerage business of the Property Business as the C21 Group serves individuals or corporate clients for mass market sale and purchase of residential and commercial property units, with each transaction usually comprising the sale and purchase of a single property unit, whereas the Group intends to target the more specialised real estate brokerage market serving property developers and investors and is predominantly in respect of real estate transactions involving entire buildings and developments of various types and uses, as well as land for the development and/or construction of such buildings and developments. The Group does not intend to undertake the real estate brokerage business that C21 Group undertakes.

Nonetheless, in order to mitigate any potential conflicts of interest between the Group and Ms Ng Yan Pui, and subject to Shareholders' approval for the Proposed Diversification being obtained at

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the EGM, the Company intends to enter into a non-compete undertaking with Ms Ng Yan Pui where Ms Ng Yan Pui will undertake to the Company that for the period commencing on the date of the EGM and ending on the earlier of (i) the date on which Mr Ng Kai Man or Ms Ng Yan Pui, is no longer an interested person of the Company (as defined under Catalist Rule 904(4)); (ii) the date on which the Company ceases to be listed on the SGX-ST; or (iii) the date on which Ms Ng Yan Pui ceases to be the owner of the business of the C21 Group, *inter alia*, the following:

- (a) save for her existing investment in C21 Group, she shall not, whether directly or indirectly, either alone or jointly with, through or on behalf of any person, company or entity carry on, or be engaged, or interested in any capacity (save for investments in the nature of passive investment of not more than five (5.0%) of the total amount of issued securities of the same class in a corporation, with no management or executive role, board representation or control and influence over the day-to-day operations or business decisions of such corporation) in any business in Singapore, Hong Kong or elsewhere which is in a Competing Business with the Group, in each case, whether as a shareholder, director or otherwise; and
- (b) if any business opportunity to engage in any Competing Business in the territories in which the Group operates or intends to operate in is offered to Ms Ng Yan Pui, Ms Ng Yan Pui shall immediately notify the Company or the Working Committee of such business opportunity, and if directed to do so by the Board, Ms Ng Yan Pui shall use her best efforts to assist the Group to obtain such business opportunity on terms acceptable to the Group.

Mr Lee Keng Mun

Mr Lee Keng Mun, an Independent Director of the Company, is the Chief Operating Officer of Asia-Pacific Strategic Investments Limited (formerly known as China Real Estate Group Ltd) (“**APSI**”). Mr Lee Keng Mun is responsible for overseeing APSI’s business and operations, including but not limited to the business development, finance, administration, corporate secretarial functions, as well as corporate governance and communications. APSI is primarily engaged in the business of property development and management in the PRC. As at the Latest Practicable Date, APSI does not have any business in Singapore and Hong Kong.

Mitigating Factors

The Board is of the view that APSI does not compete directly or indirectly with the Property Business and that any potential conflicts of interest in connection with Mr Lee Keng Mun are mitigated by the following:

- (a) Mr Lee Keng Mun is an Independent Director of the Company. He has not been, and will not be, involved in the day-to-day operations and management of the Group, whether directly or indirectly.
- (b) Mr Lee Keng Mun is bound by fiduciary duties to the Company, including the duty to act in good faith and in the best interests of the Company. He is also subject to the duty of confidentiality to not divulge confidential information of the Group to any third parties.
- (c) Mr Lee Keng Mun shall disclose and not be involved, whether directly or indirectly, in any Board deliberation of any contract, arrangement, proposal, transaction or matter in relation to the Property Business in the event that there is a conflict of interest arising due to his appointment in APSI.

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- (d) Mr Lee Keng Mun shall disclose and abstain from voting, in the capacity of Director, in respect of any contract, arrangement, proposal, transaction or matter in relation to the Property Business in the event that there is a conflict of interest arising due to his appointment in APSI.

The Audit Committee shall undertake annual reviews of the internal controls and risk management systems for the Property and Moneylending Businesses to ensure that such controls and systems are complied with. The Audit Committee will also from time to time consider and address any conflicts of interests and potential conflicts of interests in respect of the Property and Moneylending Businesses and shall also consider the sufficiency of controls in place, and/or implement such further controls where necessary, with regards to addressing such conflicts or potential conflicts of interests.

Sale of Property Units

As mentioned in section 2.2(a)(vi) of this Circular above, it is intended for the Group to engage in property development activities. The Group may be required to comply with Part IV of Chapter 9 of the Catalist Rules should there be any sale or proposed sale of any units of its local or non-local property projects, or those of its subsidiaries or associated companies, to any of the Directors, chief executive officer, Controlling Shareholders and/or their associates.

As at the Latest Practicable Date, save as disclosed in section 2.11 of this Circular, none of the Directors and/or their associates has any other material interest, direct or indirect, in any entity carrying on the same business as the Group after the Proposed Diversification into the Property Business and Moneylending Business.

3. RISK FACTORS

To the best of the Directors' knowledge and belief, the risk factors which are material in making an informed decision in relation to the Proposed Diversification have been set out below.

If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed New Businesses, this may have a material and adverse impact on the Proposed New Businesses and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the Board to predict all risk factors, nor can the Group assess the impact of all factors on the Proposed New Businesses or the extent to which any factor or combination of factors may affect the Proposed New Businesses.

There may be also other risks associated with the entry into the Proposed New Businesses 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 discussion below.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from your accountant, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

3.1 General Risk Factors associated with the Proposed Diversification**3.1.1 The Group may face difficulties in implementing and integrating the Proposed New Businesses**

There can be no assurance that the Group will be successful in implementing and integrating the Proposed New Businesses. Delays in implementation and/or integration of the various new businesses into the Company may divert the attention and resources of the Group's management, delay the commencement of or prevent revenue growth in any of the businesses, which may materially and adversely affect the results of operations or financial position of the Group.

In addition to the existing management team, the Group may recruit appropriate management resources for the Proposed New Businesses to strengthen its existing management team. There can be no assurance that the existing management team will be able to integrate with the management resources recruited by the Group, and the Group may experience initial operational difficulties and/or management disputes which may adversely affect the results of operations or financial position of the Group.

3.1.2 The Group is subject to general risks associated with operating businesses outside Singapore

The Group intends to initially focus its Property Business in Singapore and Hong Kong and its Moneylending Business in Hong Kong and may venture beyond that if favourable opportunities are present subsequently. 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 conditions and operating cash flow.

In addition, if governments 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 will be adversely affected.

3.1.3 The operations and profitability of the Proposed New Businesses may be disrupted by outbreaks of communicable diseases, terrorist attacks, wars and other acts of violence

The operation and profitability of the Proposed New Businesses may be affected by an outbreak of infectious diseases (such as the severe acute respiratory syndrome (SARS) or the H1N1 virus or the COVID-19 disease), terrorist attacks, acts of violence, civil unrest or wars in the countries in which the Group operates. Any of these may have a material adverse effect on the Group's business operations, financial performance and financial condition. If any of the foregoing occurs in any of the countries in which the Group has operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The staff and employees in these countries may also be adversely affected and this may in turn affect the Group's day-to-day operations.

3.1.4 The Group may face legal proceedings arising from the operations of the Proposed New Businesses

The Group may be involved from time to time in disputes with various parties arising from the operations of the Proposed New Businesses. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may result in administrative proceedings and unfavourable decrees that result in financial losses. Any claims or disputes arising from the above will adversely affect the Group's business and financial performance.

3.1.5 The Group's performance in the Proposed New Businesses will be subject to exposure to macro-economic risks

The business of the Group may be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

- (i) legal and regulatory changes;
- (ii) economic and political conditions;
- (iii) the level and volatility of liquidity and risk aversion;
- (iv) concerns about natural disasters, terrorism and war;
- (v) the level and volatility of equity, debt, property, commodity and other financial markets;
- (vi) the level and volatility of interest rates and foreign currency exchange rates;
- (vii) concerns over inflation; and
- (viii) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the performance of the Group.

3.1.6 The Group is subject to liquidity or late payment or non-payment risks

The Group faces uncertainties over the timeliness of customers' payments and their solvency or creditworthiness in respect of goods and/or services provided by the Group in connection with the Proposed New Businesses, as the case may be. There is no assurance that the Group will be able to collect any payments on a timely basis, or at all. In the event that there are defaulting customers or a significant delay in collecting payments from customers, the Group may face stress on its liquidity and cash flow. Furthermore, some of the Group's customers may default on their payments to the Group, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on the Group's customers' ability to make timely payments. As a result of the Group's customers defaulting on their payments to it, the Group would have to make provisions for doubtful debts, or to incur write-offs, which may have an adverse effect on its operating results and profitability.

3.1.7 The Group is subject to various government regulations in the Proposed New Businesses and the Proposed New Businesses may be adversely affected by the Group's ability to obtain, maintain or renew regulatory requisite approvals, permits or licences

The property and moneylending industries in countries in which the Group may operate are subject to various laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations, which may require the Group to obtain the requisite regulatory approvals, permits, certificates, and/or licences to engage in the Proposed New Businesses.

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In the event that the Group is unable to obtain, maintain or renew such approvals and/or licences, or where there is a delay in obtaining or renewing them, the Group's ability to engage in the Proposed New Businesses may be adversely affected. In addition, the property and moneylending industry are regulated by a multitude of laws and regulations. Failure to comply with the applicable laws and regulations may subject the Group to penalties or have its licences or approvals revoked, all of which could adversely affect the Group's operations and financial performance.

Any contravention of such aforementioned laws, regulations, requirements or restrictions may subject the Group, its employees and/or its Directors to statutory penalties which may be significant, such as fines imposed by the relevant authorities, or the Group may have to modify, suspend or discontinue its operations. Hence, any conviction for such contravention may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

Furthermore, changes to relevant laws and regulations could result in higher compliance costs and may also adversely affect the operations of the Group and resulting in the Group making losses. The Group may also not be able to anticipate any changes to the laws, regulations, requirements or restrictions in the countries in which the Group may expand into for its Proposed New Businesses. In the event that there are unexpected changes to any applicable laws, regulations, requirements or restrictions that renders the Group unable to comply, this will have an adverse effect on the operations and future plans of the Group under the Proposed New Businesses.

3.1.8 The Group does not have a proven track record and business history in the operation of the Proposed New Businesses

Notwithstanding the Executive Director of the Company, Mr Ng Kai Man's experience in the carrying out the franchising business of the Century 21 Businesses, the Group as a whole does not have a proven track record in carrying out the Proposed New Businesses. There is no assurance that the Proposed New Businesses will be commercially successful and that the investments carried out pursuant to the Proposed New Businesses will be able to derive sufficient revenue to offset the capital, start-up and financing costs as well as operating costs arising from the new business initiatives.

The Proposed New Businesses may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Proposed New Businesses also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Businesses effectively, the overall financial position and profitability of the Group may be adversely affected.

Notwithstanding that the Group has in place risk management procedures for the Proposed New Businesses, there are still inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management procedures will be or are adequate or effective.

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

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Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Proposed New Businesses may involve acquisitions, joint ventures or strategic alliances with third parties.

Participation in joint ventures, strategic alliances, acquisitions, or other investment opportunities involves numerous risks, including the possible diversion of attention of management from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisition or opportunities. In such events, the Group's financial performance may be adversely affected.

3.1.10 The Company may be affected by force majeure and other events beyond the control of the Group

Diverse factors such as general macroeconomic conditions and business environment, natural disasters, epidemics, pandemics or acts of terrorism and international disputes that affect the economic and business conditions in the countries where the Proposed New Businesses will operate and the livelihood of their people may disrupt the operations of the Proposed New Businesses. The costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

3.2 Risk Factors associated with the Property Business

3.2.1 The Property Business will be dependent on the recruitment and retention of qualified employees and/or consultants for its operations and profitability and Group may not have the ability or sufficient expertise to execute and grow the Property Business

The Group's ability to successfully diversify into the Property Business is dependent upon its ability to adapt its existing knowledge and to understand and navigate the Property Business. Firstly, there is no assurance that the Group's existing experience and expertise mainly provided by the Executive Director of the Company, Mr Ng Kai Man, will be sufficient for the Property Business and the Group cannot guarantee that it will not experience initial operational difficulties or that its operations will achieve the expected level of revenue and profitability. Next, there is also no assurance that the employees hired by the Group to implement the Property Business will have the relevant expertise and knowledge. The Group recognises that there may be an increasing shortage of personnel with the relevant expertise and knowledge and any dearth in the availability of such labour resources will have an adverse effect on the operations of the Property Business and eventually its financial performance. Lastly, the Group may not be able to harness the experience and knowledge of new employees in understanding and navigating through the Property Business. Therefore, the Group may not be able to implement the Property Business as successfully or smoothly as expected and this may adversely affect the Group's financial performance and profitability.

Having a team of experienced and skilled personnel is essential in maintaining the quality of services and to grow the Property Business. There is no assurance that the Group will be able to attract and retain key members of the management team who have the necessary qualifications and experience to manage the Property Business. The competition for qualified personnel in the Property Business is intense, and the loss of any key member of the management team without any suitable and/or timely replacement may have a material adverse effect on the Property Business's prospects, financial performance and results of operations of the Group.

The Group may also appoint third party professionals, third party contractors and/or foster partnerships with various third parties to assist in undertaking the Property Business more

effectively and efficiently. However, there is no assurance that these third-party professionals and/or contractors will be able to deliver and/or that these partnerships will be successful. As such the Group may not be able to successfully implement the Property Business and this may adversely affect the Group's financial performance and profitability.

3.2.2 The Group is subject to the cyclical nature of the property market in countries where the Group may operate in

In general, the cyclical nature of the property market in most countries affects property values largely through supply and demand of comparable properties, the rate of economic growth in such countries and political and economic developments in such countries and neighbouring regions. Some property markets are also affected by property cooling measures imposed by the regulatory authorities. There can be no assurance that such further measures will not be introduced and that property values will not decline in the future. Furthermore, in the event of economic decline (whether as a result of an outbreak of infectious diseases such as COVID-19 or otherwise), the Group may experience regulatory pressures, or market pressures from tenants or prospective tenants, to provide rent reductions or longer rent free periods than usually given on investment properties or pressures from prospective purchasers to provide reduced market prices for the sale of properties. These events may adversely affect the property market and in turn the financial performance of the Group.

3.2.3 The Group may in the course of conducting the Property Business 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 properties and business operations, there is no assurance that any claims made or decided against the Group will be covered under the insurance(s) or if covered, will 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. Losses arising out of damage to the Group's assets which are not covered by insurance policies or in excess of the amount it is insured would affect the Group's profitability. The Group may also have to commit additional resources, other than to meet the uninsured losses, to complete a project, which would also adversely affect the financial performance of the Group.

3.2.4 The Group may face intense competition from existing competitors and new market entrants in the Property Business

The Property Business is highly competitive, with strong competition from established industry participants who may have larger financial resources and/or stronger track records.

In relation to property management and consultancy, the Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and/or stronger track records.

There is no assurance that the Group will be able to compete effectively with its 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.

3.2.6 The Group may be exposed to fluctuations in labour costs

The Group intends to provide property-related consultancy and property management services such as security, building maintenance and repairs, cleaning services, facilities management, landscape management and car park management. The Group intends to hire manpower to carry out such services. Should the prices of such manpower increase, and the Group is unable to pass on such increase in fees to the tenant and/or client, the results of the Group's operations and financial condition could be materially and adversely affected.

3.2.7 The Group may be subject to poor demand for leased property

The Group's performance for the Property Business, in particular its property leasing segment, will be largely dependent on its ability to secure and retain 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.

3.2.8 The Group may be affected by a loss of tenants

The Group's performance for the Property Business, in particular its property leasing segment, may be adversely affected by the downturn in the business of the Group's key tenants, including the key tenants' decision to not 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 clients and/or 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 disrupt its stream of rental income.

3.2.9 The operation of the Property Business is subject to numerous risks and uncertainties associated with expanding in overseas markets

The Group's strategy to carry out the Property Business is subject to numerous risks and uncertainties that are normally associated with expanding into overseas markets. These include, but are not limited to: (i) possibility of cost overruns and other operating difficulties; (ii) insufficient management resources and potential increase in labour costs; (iii) inability to comply with foreign labour, industrial and tax regulations; (iv) high sales and marketing costs; (v) difficulty in expanding the sales and service network; (vi) difficulty in implementing quality control policies in the Group's overseas operations; (vii) difficulty in controlling costs; (viii) lack of understanding of the local social conditions, or the local business environment, or the financial, management or legal systems in the relevant countries; (ix) unstable political, regulatory or macroeconomic environments and potential foreign exchange differences; and (x) other related factors beyond the Group's control. Such risks and uncertainties may result in high investment costs or loss of investment, government penalties, breach of contract, loss of sales, reduction in revenue as well as expose the Group to liabilities and the requirement to pay compensation under the relevant laws and regulations, agreements and lawsuits and damage to the Group's reputation, which could have a material adverse effect on the Group's business, financial condition and results of operations.

3.2.10 The Group may not be able to identify, acquire, develop and/or sell profitable property development projects

The performance and success of the Group's property investment and development depends on the Group's ability to identify profitable property development projects and following such identification, to successfully acquire, develop, sell and/or lease such projects. This ability may be negatively affected by various factors, including competition for new land sites from other property developers, changes to the general economic conditions in countries where the Group carries out its property investment and development operations and changes to relevant interest rates, construction costs, land costs and property prices. There is thus no guarantee that the Group will always be successful in identifying suitable property development projects or completing such property development projects profitably. The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect the Group's ability to grow its Property Business.

3.2.11 The Group may not have adequate resources to finance land acquisition, undertake property development and property investment projects or to otherwise carry out its expansion into property investment and development

Property development projects usually require high capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the sale of units whether under development or completed. Depending on the size and complexity of the project, it usually takes more than a year to complete a property development. Moreover, property investment and development projects may require periodic capital expenditure, refurbishment, renovation for improvements and development of the properties to be acquired by the Group in order to remain competitive or be income-producing. Any potential investment opportunities identified by the Group may also require lengthy investment lock-in periods.

Therefore, the Group's ability to successfully grow and sustain its property investment and development operations is dependent on adequate financing. The Group plans to finance its expansion into property investment and development primarily through internal sources of funds, progress payments from purchasers in respect of the Group's development properties as well as financial institution borrowings.

Should the Group not be able to secure borrowings in a difficult credit environment, the Group may also seek access into the capital markets to raise funds for its property investment and development operations through equity and/or debt financing. If the equity capital raising is other than by a rights issue, or if new shares are issued to fund new property investment and development, this will dilute the shareholding interest of existing shareholders. Further, if the Group fails to utilise the new equity to generate a commensurate increase in earnings, the Group's EPS will be diluted and this could lead to a decline in Share price.

The Group cannot guarantee that it will have sufficient funds at its disposal for land acquisitions or property developments, be able to sell or finance the development of the project through the sale and/or lease of units in any particular development, be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question. The Group's ability to obtain sufficient financing for land acquisitions or property developments with a commercially acceptable rate of return is dependent on many factors, some of which may be beyond its control, such as general economic conditions, the terms of credit offered by financial institutions and the availability of other sources of equity or debt financing.

Any incurrence of debt for the Group's property investment and development operations will increase the Group's financing costs and obligations and could result in operating and

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financial covenants imposed by financial institutions that may restrict its operations and its ability to pay dividends to Shareholders. Any default on any financial covenants could also trigger cross-defaults and affect the Group's financial position and liquidity.

3.2.12 The Group may lose its deposits on transactions involving the acquisition of land and/or rights over land

The Group may be required to pay certain deposits in connection with its acquisition of land and/or rights over land in line with industry practice. Such deposits, if refundable, may be susceptible to counterparty risk whereby the recipients of the deposits do not refund the deposits to the Group. In the event of any significant delay or inability to recover such deposits, the Group's results of operation and financial condition may be adversely affected.

3.2.13 The Group may not be able to successfully implement its investment strategy for its property investment and development operations of its Property Business

There is no guarantee that the Group will be able to implement its investment strategy successfully or that it will be able to expand the property portfolio at any specified rate or to any specified size. The Group may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

Even if the Group were able to successfully acquire property or investments, there is no assurance that its property investment and development operations will achieve its intended return on such acquisitions or investments.

3.2.14 The Group may not be able to generate adequate returns on its future investment Properties

The Group may develop properties and hold part of them as investment properties. Property investment is subject to varying degrees of risk. The investment returns available from commercial property investments is reliant, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the costs incurred.

Maximising yields from such properties held for long-term investment also depend to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose these investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, local real estate conditions, perceptions by tenants, businesses, retailers or shoppers of the attractiveness of the development projects, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic or ad-hoc maintenance, repair and re-letting. If the Group ventures into property investment but is unable to generate adequate returns, its overall financial condition and results of operations may be adversely affected.

3.2.15 The Group is exposed to risks associated with property valuations and decline in property values in relation to its future investment properties

The net asset value and profitability of the Group may be affected by the valuations of its future investment properties. In the event that the Group applies the fair value model when accounting for all its investment properties, the value of its future investment properties may fluctuate from time to time due to market and other conditions, including changes in the supply and demand of properties as well as rental and occupancy levels. Such adjustments to the

fair value of its investment properties could have an adverse effect on its net asset value and profitability. In the event that the Group relies on valuations of the Group's future properties conducted by professional valuers, such valuations will be based on certain assumptions and are not intended to be a prediction of, and may not accurately reflect, the actual values of any of the Group's future property assets. The inspections of the properties 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. Any factor which affects the value of any of the Group's future investment properties may adversely affect the Group's overall financial condition and results of operations.

3.2.16 The Group may be adversely affected by the relatively illiquid nature of unsold property assets

The ability to eventually dispose of the Group's unsold property assets at a profit is reliant on market conditions and levels of liquidity, which may be limited or subject to significant fluctuations. In the event that the Group is unable to sell a significant proportion of the properties it develops under the Property Business, the Group's financial performance will be materially and adversely affected.

Furthermore, the properties developed and land sites acquired by the Group, along with unsold properties which the Group continues to hold for sale post completion, are relatively illiquid. The illiquidity of such assets may limit the Group's ability to convert these assets into cash on short notice. Such illiquidity may also have an adverse effect in determining the selling prices of the unsold completed property development assets in the future in the event that the Group requires an urgent sale of these assets, and limits the Group's ability to vary its portfolio of property held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

3.2.17 The property investment and development operations of its Property Business will be subject to risks in relation to pre-sold properties

The Group may pre-sell most of its properties prior to completion in line with industry practice. In the event of a failure or delay in the delivery of pre-sold properties to purchasers, the Group may be liable for potential losses that purchasers may suffer as a result. Such failure or delay may be attributed to factors such as the duration and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour or raw materials, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and/or compensation for late delivery. There is no guarantee that its property investment and development operations will not experience significant delays in completion or delivery of pre-sold properties. Such failure and delay may therefore lead to a material adverse effect on the Group's revenue, financial performance, prospects and profitability.

3.2.18 The Group will be exposed to potential liability and loss arising from damages, injury or death due to accidents at construction worksites

In the course of any future potential property development projects undertaken by the Group, the Group may face the inherent risk of accidents involving its employees or third parties on

its development sites, even if adequate safety measures are in place. Such accidents, or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay compensation, such as liquidated damages, under its contracts with its customers. If such an event arises, the Group's business, operating results and financial performance may be materially and adversely affected.

In addition, any accidents or mishaps resulting in significant damage to the Group's machinery or equipment may also have a significant adverse effect on the Group's business, financial condition and operating results.

Although the Group will, where appropriate, obtain insurance policies to cover such losses, there is no assurance that any claims made or decided against us will be covered by the insurance(s), or if covered, will not exceed the limits of our coverage. In such event, the Group may also have to commit additional resources to meet the uninsured losses, which would adversely affect the financial performance of the Group.

3.3 Risk Factors associated with the Moneylending Business

3.3.1 The Group may not be able to effectively manage the credit risk and maintain the quality of the loans and receivables portfolio of its Moneylending Business

As a financial services provider, the Group will face the risk of impairment loss primarily due to non-performing credit and the sustainability of the growth of the Moneylending Business will depend largely on its ability to effectively manage its credit risk and maintain the quality of its loans and receivables portfolio. The Group may also face contingent liabilities including credit commitments, credit support and financial guarantees issued. In order to minimise and effectively manage the risk of non-performing credit, the Group intends to implement measures to assess the creditworthiness of borrowers. However, these proposed credit risk management measures may not be successful in effectively managing the Group's risk. Failure of the Group's credit risk management measures may result in an increase in the level of nonperforming credit and adversely affect the quality of its loans and receivables portfolio. In addition, the quality of the Group's loans and receivables portfolio may also deteriorate due to various other reasons, such as decline in property and stock market prices, weak business environment and other general economic factors. If such deterioration occurs, the Moneylending Business may be materially and adversely affected.

3.3.2 The Group may not have the ability or sufficient expertise to execute the Proposed Diversification into Moneylending Business

The Group has embarked on a diversification strategy with a view to achieving long term sustainable growth. This strategy also exposes the Group to additional businesses and operating risks and uncertainties. The Moneylending Business may also be influenced by various factors such as the Group's networks, marketing plans and efficient usage of its management and financial resources.

Furthermore, the Group does not have a proven track record in carrying out the Moneylending Business. There is no assurance that the Moneylending Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the initial costs of investment and operating costs arising from the Moneylending Business. The Moneylending Business requires a large amount of cash in order to finance the loans provided by the Group efficiently. In the event the Group fails to manage its diversification

strategy effectively and efficiently, its business and financial performance will be materially and adversely affected.

3.3.3 Changes in the political and economic conditions, business environment and real estate property market of countries the Group may operate in may affect the Moneylending Business

As the Moneylending Business is based in and income would be derived from the countries where the Group may operate in, the economic and political conditions and business environment and their corresponding development in such countries will have a direct impact on the property market and subsequently the financial performance of the Moneylending Business. In addition, the economy and business environment of such countries may be open to influences from conditions and developments in the global economy as well as the economic and business environment of neighbouring regions. A slowdown in the economy of such countries and any changes in laws, regulations and policies relating to the property market may lower the value of the mortgaged properties and their liquidity. There is no assurance that such macroeconomic developments will remain positive in relation to the Moneylending Business and the Group's operating margins and profitability may therefore be adversely affected.

3.3.4 The value of the security provided by borrowers may not be sufficient to pay off loans

The loans advanced to corporate and individual borrowers may, from time to time, be secured by a mortgage, charge or lien on the assets provided by borrowers. The value of such security may be adversely affected by conditions such as damage, loss, devaluation or over-supply of the underlying assets. If the value of the asset or the residual value of the mortgaged assets declines, the safety margin of the loan will be reduced and the Group risks not being able to recover the full amount of their loans in the event of default. If the full amount of loans is not recoverable, the Group's financial condition and results of operations may be materially and adversely affected.

3.3.5 Competition from other lenders in countries where the Group may operate in may affect the market share of the Group in the Moneylending Business

The lending market in countries which the Group may operate in may be highly fragmented, whether due to a large number of players competing within a relatively small territory, relatively low entry barriers to the lending business, or otherwise. In such countries, the Moneylending Business will face competition from diverse competitors including both licensed lenders and authorized institutions in different ways, whether through diverse loan products, low interest rates or quick loan approval procedures. If the Group undertakes the Moneylending Business in such countries, it will need to streamline the corporate structure, ensure operational efficiency and offer competitive interest rates after assessment to ensure that the Moneylending Business is competitive. Failure to do so may adversely affect the business, financial performance and operational results of the Moneylending Business.

3.3.6 The financial performance of the Moneylending Business may be adversely affected if the net interest margin erodes because of increases in interest costs and/or competition

Apart from equity financing and internal sources of financing, the Group intends to fund the Moneylending Business through loans and advances from independent third parties. The operational results and profitability of the Moneylending Business hinges on the net interest margin, being the difference between the average effective interest charged for the

Company's loan products and the Company's effective interest rate of borrowings. There is no assurance that the Company's net interest margin will be maintained. In the event that the Company's net interest margin of the loans to borrowers narrows due to the intense competition in the industry, the financial performance of the Moneylending Business may be materially and adversely affected.

3.3.7 The Moneylending Business relies on borrowings from other parties and thus there may be a net operating cash outflow

Due to the capital-intensive nature of the Moneylending Business, other than through equity financing and internal sources of financing, the Group may have to obtain funding from independent third parties in order to grow its loan portfolio. External funding may be required if there is net cash outflow in the Group required to grant further loans or to service interests or repayments of the third party's loans exceeds the cash inflow from borrowers' repayments. In the event the Group is unable to obtain sufficient borrowings to finance the Moneylending Business on a timely basis, the Group may have to reduce the number of loans granted to maintain liquidity, which may materially and adversely affect the financial results and business prospects of the Moneylending Business.

3.3.8 The Group may require additional funding for future growth, and any equity financing may result in a dilution to Shareholders' equity interest or may require additional investments by Shareholders

The Moneylending Business is capital intensive in nature and the Group may require a substantial amount of capital for its operations and future expansion. As the Group establishes and grows its Moneylending Business, its working capital requirements may increase. To the extent that funds generated from operations and internal funds have been exhausted, the Group may have to raise additional funds by way of a placement or a rights offering or by way of borrowings to meet new financing requirements. Should the Group not be able to secure such external borrowings in a difficult credit environment, the Group may also seek access into the capital markets to raise funds for its Moneylending Business through equity and/or debt financing.

If the equity capital raising is other than by a rights issue, or if new shares are issued for acquisitions or to fund new joint ventures and strategic partnerships, this will dilute the shareholding interest of existing shareholders. Further, if the Group fails to utilise the new equity to generate a commensurate increase in earnings, the Group's EPS will be diluted and this could lead to a decline in Share price.

Any additional debt financing may, apart from increasing the interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. If the Group is unable to procure the additional funding that may be required, the growth or financial performance of the Moneylending Business may be adversely affected.

3.3.9 The Group's risk management systems and policies may not be effective in mitigating the Group's risk exposure, and the Group may be exposed to unidentified or unanticipated risks, which may materially and adversely affect its results of operations and financial condition

The Group's risk management systems, policies and other risk management techniques may not be effective in mitigating the Group's risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Any failure of the

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Group's risk management procedures or any failure to identify any applicable risks may have a material adverse effect on the Group's results of operations and financial condition.

3.3.10 The Group is dependent on Hong Kong as its only market for the Moneylending Business

The Moneylending Business will operate entirely within Hong Kong for a start and there are currently no plans to expand the Moneylending Business outside of Hong Kong. Accordingly, the Moneylending Business is entirely reliant on the macroeconomic and industry and political factors of Hong Kong. Such undiversified country risk may adversely and materially affect the financial performance of the Moneylending Business.

3.3.11 Mezzanine loans provided as part of the Group's Moneylending Business may carry higher risks

The Group may provide mezzanine loans as one of its products in the Moneylending Business. The risks relating to such loans are generally higher because mezzanine loans are usually subordinated and not secured by real assets of the borrower, and capital of the Company may be locked in with the borrower for a longer period of time in the event that the loan is converted into an equity stake. In the event that the shares of companies granted mezzanine loans by the Group do not perform as expected or if such companies become financially distressed, the Group may lose part or all of the mezzanine loans granted to such companies. In such an event, the Group's results of operations and financial condition will be adversely affected.

3.3.12 Second mortgage loans are subject to higher ranked mortgage(s) and therefore have higher credit risk than first mortgage loans

With respect to the individual loans which are secured by a second mortgage, in the event that (i) the borrower increases the first loan amount with the first mortgagee; (ii) the borrower sells the assets for early repayment of the outstanding loan to the first mortgagee below market price; or (iii) the first mortgagee enforces its first mortgagee right by demanding the borrower to make repayment and by selling the mortgaged asset, the sale of the mortgaged asset may not generate sufficient proceeds to repay the second mortgage loan after the outstanding loan of the first mortgagee has been repaid in full. If these loans are not recoverable, the Group's financial condition and results of operations may be materially and adversely affected.

3.3.13 Implementation of cooling measures by the government in the real estate property market in countries where the Group may operate in may affect loan-to-value ratios for our loans secured by real estate property

The government of countries where the Group may operate in may from time to time implement cooling measures in the form of stamp duties or otherwise to curb speculation in the real estate property market in such countries. Where such cooling measures are implemented, there is no assurance that the loan-value-ratios for real estate properties in such countries would not be affected. The liquidity of the real estate property market may also be affected due to the implementation of such cooling measures and the value or the residual value of the mortgaged real estate property for our loans may also decline. In such cases, the safety margin of mortgage loans secured against real estate properties may be reduced and there is a risk that the Company may not recover the full amount of the loan from the sale of such properties. If the mortgage loans are not recoverable, the Group's financial condition and results of operations may be materially and adversely affected.

3.3.14 Real estate property cooling measures by the government to curb speculation in the property market in countries where the Group may operate in may reduce the demand for mortgage loans

As mentioned above, the imposition of stamp duties and the potential imposition of cooling measures may increase transaction costs of buying residential properties and may deter potential buyers from acquiring residential properties in countries where the Group may operate in. This may result in a decrease in the demand for mortgage loans for the purchase of residential properties in such countries. Accordingly, the performance and expansion of the mortgage loans industry may be adversely affected, which would in turn adversely and materially affect the financial performance of the Moneylending Business.

3.3.15 The business operations in the Moneylending Business depends on the expertise and continuing performance of its key management personnel

As stated in section 2.5 of this Circular above, it is currently envisaged that the management of the Proposed New Businesses will be initially spearheaded by the Executive Director of the Company, Mr Ng Kai Man, who will be supported by senior management of the Group. Thereafter, the Group will recruit personnel with the relevant expertise as and when the need arises. This includes in particular the Moneylending Business which also relies on the experience and expertise of such key management personnel including Mr Ng and their continuous service to our Group. We will need to engage, retain and motivate our key management and operational staff to ensure effective and steady performance of the Moneylending Business. There is no assurance the Group can engage and retain the continuous services of such key personnel. The operational and financial condition of the Group may be materially and adversely affected if the key management personnel (in the Moneylending Business) are not engaged and retained.

3.3.16 The Group may be subject to claims arising from disputes over the interpretation or enforceability of loan or similar documentation and the Group may not be able to successfully enforce its rights to the underlying contract

In respect of the Moneylending Business, the Group may enter into loan contracts or similar agreements with customers from time to time. In this regard, the Group will face risks of disputes over interpretation or enforceability of the documentation and may be subject to claims arising from disputes by customers or other counterparts. If the claims are successful, the Group may be required to compensate the claimant. Furthermore, even though the Group may from time to time take security over assets under its financing contracts, there is no absolute assurance that upon default under the terms of the contract, the Group would be entitled to the security in the event of a dispute. In the event of successful claims against the Group or if the Group is unable to bring an enforcement action on the security, the Group's financial condition and results of operations may be adversely affected.

3.3.17 The Company may not be able to comply with the changes in laws and regulations applicable to the lending industry in countries where the Group operates in

The Moneylending Business will be regulated under the laws and regulations applicable to the lending industry in the relevant countries where the Group operates in, and compliance with such laws and regulations is essential for the Group to carry on with the Moneylending Business in such countries. Notwithstanding this, the relevant regulatory authorities in such countries may from time to time amend existing laws and regulations or adopt new laws and regulations applicable to licensed lenders in the relevant countries. The operations, financial

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performance and business prospects will be adversely affected if the Group is not able to comply with any of the new changes and/or requirements.

3.3.18 The Group will be exposed to foreign currency risks and interest rate risks

The Group will incur foreign currency risk on investments, loans and advances and short-term borrowings that are denominated in a currency other than the Group's reporting currency of Singapore dollars. In addition, in carrying out its lending activities, the Group may be required to meet customers' demands for products with various interest rate structures and maturities. Sensitivity to interest rate movements arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding. As interest rates and yield curves change over time, the size and nature of these mismatches may adversely affect the Group's financial performance.

3.3.19 High-risk profile of clients for the consumer lending activities

The Group envisages extending financing and lending to entrepreneurs and small-and-medium enterprises ("SMEs") that may not have access to typical banking facilities or financial services. The entrepreneurs and SMEs often lack adequate track records or collaterals to obtain loan facilities from conventional banks and financial institutions. The high-risk profile of these potential clients might necessitate the writing off of bad debt or the allowance for doubtful debts. Such write-off of bad debt and allowance for doubtful debts may materially affect the Group's business, financial performance, financial condition, results of operations and prospects.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Ng Kai Man	92,700,000	9.93	-	-	92,700,000	9.93
Chou Kong Seng	600,000	0.06	-	-	600,000	0.06
Kesavan Nair	300,000	0.03	-	-	300,000	0.03
Lee Keng Mun	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Hung Hon Mo	90,000,000	9.64	-	-	90,000,000	9.64
Ivy Chan Shui Sheung	88,620,900	9.49	-	-	88,620,900	9.49
Lee Chun Ming	75,000,000	8.03	-	-	75,000,000	8.03
Lam Kwok Hing Wilfred	73,000,000	7.82	-	-	73,000,000	7.82
Chung Yuen Yee Kathy	70,000,000	7.50	-	-	70,000,000	7.50

Save as disclosed in this Circular, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company.

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5. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale for the Proposed Diversification, as set out above in this Circular, are of the opinion that the Proposed Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held on 16 February 2021 at 9.30 a.m. via electronic means for the purpose of considering and, if thought fit, passing, with or without any modification, the resolution set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to vote on the resolution at the EGM must appoint the Chairman of the EGM as their proxy by completing the Proxy Form as attached to the Notice of EGM.

Please refer to the alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM as set out in the Notice of EGM.

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.

8. LEGAL ADVISER

The Company has appointed Chancery Law Corporation as the legal adviser to the Company as to Singapore law in relation to the Proposed Diversification.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the annual report of the Company for FY2020; and
- (b) the constitution of the Company.

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Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company's Corporate Secretarial Representative at +65 6236 9346 at least three (3) working days' in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

Yours faithfully,
For and on behalf of the Board of Directors of
Arion Entertainment Singapore Limited

Ng Kai Man
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

ARION ENTERTAINMENT SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)

(Company registration no. 199407135Z)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**EGM**”) of **ARION ENTERTAINMENT SINGAPORE LIMITED** (the “**Company**”, and together with its subsidiaries, the “**Group**”) will be held by way of electronic means on 16 February 2021 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

RESOLUTION 1: ORDINARY RESOLUTION

THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE THE PROPERTY BUSINESS AND MONEYLENDING BUSINESS

That:

- (a) approval be and is hereby given for the diversification of the Group’s core existing business to include the proposed new businesses comprising the Property Business and Moneylending Business as described in section 2.2 of the Company’s circular to the Shareholders dated 1 February 2021 (the “**Proposed New Businesses**”), and any other activities related to the Proposed New Businesses;
- (b) subject to compliance with the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is related to the Proposed New Businesses, on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors or any of them be and are hereby authorised to complete and do any and all such acts and things (including executing all such documents as may be required) as they may, in their absolute discretion deem fit, expedient or necessary to give effect to this ordinary resolution.

BY ORDER OF THE BOARD OF DIRECTORS
OF ARION ENTERTAINMENT SINGAPORE LIMITED

Chua Kern
Company Secretary

1 February 2021
Singapore

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company will not accept any physical attendance by members of the Company and any member seeking to attend the extraordinary general meeting physically in person will be turned away.

Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM of the Company to be held on 16 February 2021 at 9.30 a.m. (the “**Meeting**”) are set out in the Company’s announcement dated 1 February 2021 (the “**Announcement**”). Members may access all documents relating to the EGM, including the shareholders’ circular and other relevant corporate information, on SGXNET and the Announcement, which has been uploaded together with this Notice of EGM on SGXNET on the same day. The Announcement may also be accessed at the URL <http://egl.com.sg/press.html>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of EGM in respect of the Meeting.

In particular, the Meeting will be held by way of electronic means only and a member of the Company will be able to observe the proceedings of the Meeting through a “live” webcast (“**LIVE WEBCAST**”) via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed (“**AUDIO ONLY MEANS**”) via telephone. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 9.30 a.m. on 13 February 2021 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL <https://complete-corp.com/arion-egm/>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the Meeting by 12 p.m. on 15 February 2021.

There will be no live Q&A allowed at the EGM. A member of the Company may submit questions related to the resolution to be tabled for approval at the Meeting. To do so, all questions must be submitted by 9.30 a.m. on 9 February 2021 by email to arion-egm@complete-corp.com; or by post to be lodged at the office of the Company’s Polling Agent, Complete Corporate Services Pte Ltd, at 10 Anson Road International Plaza #29-07 Singapore 079903. The Company shall address substantial and relevant questions (as may be determined by the Company in its sole discretion) via SGXNET and the Company’s website at URL <http://egl.com.sg/press.html> by 9.30 a.m. on 14 February 2021 (being not less than forty-eight (48) hours before the time appointed for holding the Meeting). Minutes of the EGM will be published within one (1) month after the EGM.

1. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. There will be no live voting allowed at the EGM.
2. The Chairman of the Meeting, as proxy, need not be a member of the Company.
3. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - a) if sent personally or by post, be lodged at the office of the Company’s Polling Agent, Complete Corporate Services Pte Ltd, at 10 Anson Road International Plaza #29-07 Singapore 079903; or
 - b) if submitted by email, be received by the Company’s Polling Agent, Complete Corporate Services Pte Ltd, at arion-egm@complete-corp.com,

NOTICE OF EXTRAORDINARY GENERAL MEETING

in either case, by 9.30 a.m. on 14 February 2021 (being not less than forty-eight (48) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its director 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 Companies Act.
6. CPF/SRS Investors who wish to appoint the Chairman of the EGM to act as their proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes no later than 5 p.m. on 3 February 2021 (being not less than (7) working days before the EGM).

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

**ARION ENTERTAINMENT
SINGAPORE LIMITED**

(Incorporated in the Republic of Singapore)
(Company Registration No. 199407135Z)

**PROXY FORM – EXTRAORDINARY
GENERAL MEETING**

(Please see notes overleaf before completing this form)

This proxy form has been made available on SGXNet and the Company’s website and may be accessed at the URL <http://egl.com.sg/press.html>. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT

- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM (as defined herein) are set out in the Company’s announcement dated 1 February 2021 (the “**Announcement**”), which has been uploaded together with the Notice of EGM dated 1 February 2021 on SGXNet on the same day. The Announcement may also be accessed at the URL <http://egl.com.sg/press.html>.
- A member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- CPF/SRS Investors who wish to appoint the Chairman of the EGM to act as their proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes no later than 5 p.m. on 3 February 2021.
- Please read the notes to this proxy form.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 1 February 2021.

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

of

_____ (Address)

being a member/members* of Arion Entertainment Singapore Limited (the “**Company**”, and together with its subsidiaries the “**Group**”), hereby appoints the Chairman of the extraordinary general meeting of the Company (the “**EGM**”), as *my/our proxy to vote for *me/us on *my/our behalf at the EGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on 16 February 2021 at 9.30 a.m. and at any adjournment thereof. *I/We direct the Chairman of the EGM to vote for or against, or abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as *my/our proxy will be treated as invalid.

All resolutions put to vote at the EGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolution, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" the Resolution in the boxes provided as appropriate. If you mark an "X" in the "Abstain" box for the Resolution, you are directing your proxy, who is the Chairman of the EGM, not to vote on the Resolution.

Ordinary Resolution	By way of poll		
	For	Against	Abstain
To approve the proposed diversification of the Group’s business to include the Proposed New Businesses			

Dated this _____ day of _____ 2021

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

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

**Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

NOTES TO PROXY FORM:

1. Please insert the total number of shares in the capital of the Company (“**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 (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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 the Chairman of the EGM as proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This instrument appointing the Chairman of the EGM as proxy must:
 - (a) if submitted by post, be deposited at the office of the Company’s Polling Agent, Complete Corporate Services Pte Ltd at 10 Anson Road International Plaza #29-07 Singapore 079903; or
 - (b) if submitted electronically, be submitted via email to the Company’s Polling Agent, Complete Corporate Services Pte Ltd at arion-egm@complete-corp.com;

in either case, by 9.30 a.m. on 14 February 2021 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
 - (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
 - (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
5. A corporation which is a member of the Company 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 (Cap 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. For investors who hold Shares under the Central Provident Fund Scheme and/or the Supplementary Retirement Scheme (“**CPF/SRS Investors**”), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors who wish to appoint the Chairman of the EGM to act as their proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes no later than 5 p.m. on 3 February 2021 (being not less than seven (7) working days before the EGM).

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of EGM dated 1 February 2021.