

CSE GLOBAL LIMITED

(Company Registration No. 198703851D)
(Incorporated in Singapore)

PROPOSED DIVESTMENT OF THE COMPANY'S ENTIRE SHAREHOLDING INTEREST IN SERVELEC GROUP PLC – DESPATCH OF CIRCULAR TO SHAREHOLDERS

The Board of Directors (the "**Board**") of CSE Global Limited (the "**Company**") refers to its announcement dated 13 August 2013 wherein the Company announced the proposed listing (the "**Proposed Listing**") of its 100% owned subsidiary, Servelec Group plc (formerly known as CSE Global UK Limited) ("**Servelec**") on the London Stock Exchange and the Company's proposed divestment of its entire shareholding interest in Servelec (the "**Proposed Divestment**").

Further to the 13 August 2013 announcement, the Company has on 12 November 2013 entered into an underwriting agreement with Servelec, the directors of Servelec and the issue manager, Investec Bank plc. in relation to the Proposed Divestment.

The Company has appointed CIMB Bank Berhad, Singapore Branch as its financial adviser in relation to the Proposed Divestment.

Information relating to and the terms of the Proposed Divestment are as follows:

1. Information about the Servelec Group

Servelec is a UK-based technology company, providing software, hardware and services predominantly to the United Kingdom ("**UK**") healthcare, oil & gas, nuclear, power, water, utilities and broadcast sectors.

Servelec's business was founded in 1977. Since July 2000, Servelec has been a wholly-owned subsidiary of the Company. Servelec has a strong engineering heritage and employs a highly skilled and knowledgeable workforce of approximately 500 full time staff operating predominantly from offices around the UK. The majority of the staff is based at Servelec's purpose-built engineering site in Sheffield, which includes Servelec's headquarters.

The origins of the business were in the design and manufacture of control systems for the Sheffield steel industry. Since then, Servelec has grown both organically and by acquisition and now operates two divisions: Servelec Healthcare and Servelec Automation with a central head office function that provides each division with services including human resource, quality assurance, finance and certain administrative functions.

Servelec Healthcare specialises in the design, development and implementation of electronic patient record and patient administration software within the secondary care environment and is a market leader in the mental health and community health sectors in England.

Servelec Automation provides complex, mission-critical control systems to large, blue-chip, companies mainly in the UK, focusing on the oil & gas, nuclear, power, water, utilities and broadcast industries. Servelec Automation also provides services from consultancy, through to design, implementation, delivery, installation and on-going customer support and maintenance. Servelec Automation also designs and manufactures remote telemetry units ("**RTU**").

Servelec is the holding company of various subsidiaries.

The Proposed Divestment will include the Company's divestment of the entire issued share capital in CSE Semaphore Belgium SA and CSE Semaphore Australia PTY Limited to Servelec, which will form part of the Servelec Group for the initial public offer ("**IPO**").

The financial performance of the Servelec Group for FY2010, FY2011, FY2012 and unaudited 1H2013 is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	Unaudited 1H2013 (S\$'000)
Revenue	107,084	108,508	96,228	46,536
Profit before tax	28,244	28,266	23,199	10,441
Profit after tax	21,072	21,752	17,785	7,984
Working Capital	22,810	35,434	48,024	43,458
Net asset value ("NAV")	70,961	83,315	94,249	92,347
Net tangible asset ("NTA")	26,346	39,762	52,785	48,276

For illustrative purposes, the proforma contribution to the Company and its subsidiaries' (the "Group's") revenue, profit before tax and NAV by the Servelec Group and CSE-2013 (being the Group, excluding the Servelec Group, after the Proposed Divestment) is as follows:

Revenue

	FY2010		FY2011		FY2012		1H 2013	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Servelec	107,084	23.9	108,508	23.7	96,228	17.7	46,536	19.7
CSE-2013	341,004	76.1	348,683	76.3	448,241	82.3	189,539	80.3
Total	448,088	100.0	457,191	100.0	544,469	100.0	236,075	100.0

Profit before tax

	FY2010		FY2011		FY2012		1H 2013	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Servelec	28,244	41.6	28,266	47.0	23,199	37.3	10,441	30.8
CSE-2013	39,613	58.4	31,822	53.0	39,052	62.7	23,391	69.2
Total	67,857	100.0	60,088^(b)	100.0	62,251^(c)	100.0	33,832	100.0

Notes:

In relation to the profit before tax:

- (a) the financial figures above are based on continuing operations only;
- (b) excludes a one-time provision of foreseeable loss of S\$21.7 million;
- (c) excludes a one-time gain of disposal of an associated company of S\$9.2 million; and
- (d) the figures for CSE-2013 exclude any gain on disposal arising from the Proposed Divestment.

NAV

	FY2010		FY2011		FY2012		1H 2013	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Servelec	70,961	36.4	83,315	40.8	94,249	40.5	92,347	37.6
CSE-2013	124,191	63.6	120,794	59.2	138,474	59.5	152,951	62.4
Total	195,152	100.0	204,109	100.0	232,723	100.0	245,298	100.0

2. The Proposed Divestment

2.1 The Proposed Divestment of the Servelec Group

Servelec is a wholly-owned subsidiary of the Company.

On 13 August 2013, the Company announced that the Servelec Group is pursuing a separate listing on the London Stock Exchange. Pursuant to the Proposed Listing, the Company intends to divest its entire ownership of 68,175,000 ordinary shares in Servelec (the “**Sale Shares**”) at the IPO.

The IPO comprises (i) an offering of the Sale Shares to certain institutional and other investors in the UK and elsewhere outside the United States in reliance on Regulation S under the United States Securities Act; and (ii) an offering of new ordinary shares for subscription by eligible employees of the Servelec Group in the UK. The offer price (the “**Offer Price**”) of each Sale Share is determined through a book building process. Based on the Offer Price and the Sale Shares, the gross proceeds from the Proposed Divestment will amount to approximately £122.03 million (equivalent to approximately S\$244.1 million). Pursuant to an underwriting agreement dated 12 November 2013, the IPO is fully underwritten by its issue manager, Investec Bank plc. The underwriting is subject to customary termination clauses such as where:

- (a) in the sole judgement of Investec Bank plc there shall have occurred any material adverse effect since the date of the underwriting agreement or there is a fact, circumstance or development reasonably likely to result in a material adverse effect (whether or not foreseeable at the date of the underwriting agreement); or
- (b) if subsequent to the execution of the underwriting agreement any of the following events has occurred, or in the sole judgement of Investec Bank plc is reasonably likely to occur:
 - (i) any outbreak of hostilities or escalation thereof, act or incidence of terrorism, declaration of emergency or martial law, or other calamity or crisis, national or international emergency or war; or
 - (ii) any change (or development involving a prospective change) in national or international monetary, market, political, financial or economic conditions or currency exchange rates or foreign exchange controls; or
 - (iii) trading generally on any stock exchange or in any over the counter market is disrupted or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any exchange or by any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, South-east Asia or in Europe; or
 - (iv) a general moratorium on commercial banking activities in London or New York has been declared by the United States, the UK, the New York authorities or the European Central Bank; or
 - (v) any actual or prospective change or development in the UK or any other jurisdiction that would have a material adverse effect on any member of the Servelec Group, the allotment, issue or delivery of the new shares to be issued by Servelec pursuant to the IPO or the transfer or delivery of the Sale Shares, or any imposition of exchange controls by the United States, the UK, any member or associate member of the European Union or any jurisdiction in South-east Asia; or
 - (vi) the application of Servelec for admission of the whole of its ordinary share capital, issued and to be issued pursuant to the IPO, to the official list of UK Financial Conduct Authority in accordance with the listing rules of the UK Financial Conduct Authority, and the admission of such share capital to trading on the London Stock Exchange’s main market for listed securities is withdrawn or refused by the UK Financial Conduct Authority or the London Stock Exchange; or
 - (vii) any other event,

which would in the sole judgement of Investec Bank plc, be likely to prejudice the success of the IPO, dealings in the Servelec Shares in the secondary market or which makes it, in the sole judgement of Investec Bank plc, impractical or inadvisable to proceed with the IPO and/or to market the Servelec Shares on the terms and in the manner set out in the offer documents.

The IPO is expected to be completed in the current financial year ending 31 December 2013. Following the completion of the Proposed Divestment, the Servelec Group will cease to be a subsidiary of the Company.

2.2 Chapter 10 of the Listing Manual

Under Chapter 10 of the Listing Manual, a transaction will constitute a major transaction if any of the relative figures computed under Rule 1006(a) to (d) of the Listing Manual exceeds 20%. A major transaction is subject to and conditional upon approval by shareholders in general meeting.

The Sale Shares will be sold at the IPO at the Offer Price above the NAV per Sale Share as at the date of the Proposed Divestment which will result in a gain on disposal to the Company.

The relative figures computed pursuant to Rule 1006 of the Listing Manual with respect to the Proposed Divestment are as follows:

Rule 1006	Bases	Servelec Group (\$'000)	The Group (\$'000)	Relative Figures (%)
(a)	NAV of the Sale Shares to be disposed of, compared with the Group's NAV ⁽¹⁾	92,347	245,298	37.6
(b)	Net profits attributable to the Sale Shares to be disposed of, compared with the Group's net profits ⁽²⁾	10,441	33,832	30.9
(c)	Aggregate value of the gross consideration received, compared with the Company's market capitalisation based on the total number of issued ordinary shares (" Shares ") excluding treasury shares ⁽³⁾	244,067	433,497	56.3
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁴⁾	Not applicable	Not applicable	Not applicable

Notes:

- (1) The Group's NAV means total assets less total liabilities taken from the Company's latest announced consolidated accounts for the financial period ended 30 June 2013.
- (2) Net profits means profits before income tax, exceptional items and before deducting non-controlling interests based on the latest announced consolidated accounts for the financial period ended 30 June 2013.
- (3) The Company's market capitalisation is based on 516,067,852 Shares in issue (excluding treasury shares) as at 12 August 2013, being the last market day on which Shares were traded prior to the Company's announcement on 13 August 2013, at an average price of \$0.84 per Share.
- (4) Rule 1006(d) of the Listing Manual is not applicable as no equity securities will be issued by the Company.

As the relative figures calculated under Rule 1006(a), Rule 1006(b) and Rule 1006(c) of the Listing Manual are more than 20%, the Proposed Divestment is considered a major transaction under Chapter 10 of the Listing Manual, and accordingly the Company will seek the approval of Shareholders at an extraordinary general meeting (“**EGM**”) for the Proposed Divestment.

3. Rationale for the Proposed Divestment

The rationale for the Proposed Divestment is as follows:

3.1 Unlock the Value of the Company’s Investment in the Servelec Group

The Proposed Divestment will enable the Company to unlock the value of its investment in the Servelec Group. Based on the Offer Price, the Servelec Group is will be divested at a trailing 12-month price-to-earnings (“**PE**”) ratio of 12.6x¹, which is significantly higher than the Company’s average trailing 12-month trading PE ratio of 8.0x² for the past one year. As a result, the Company is expected to record a divestment gain of approximately S\$88.9 million (assuming net divestment proceeds of S\$219.6 million less the aggregate book value of S\$130.7 million as at 30 June 2013), which will increase the NTA per Share from 27.53 cents to 32.72 cents as at 30 June 2013.

The Company intends to return a significant portion of up to 65.8% of the net proceeds raised from the Proposed Divestment to its Shareholders and use approximately S\$75.1million to pare down debt (which will result in the Company being in a net cash position as at 30 June 2013).

3.2 Strengthen the Group’s Balance Sheet

Based on the proforma financial effects set out below, assuming the Proposed Divestment had been completed on 30 June 2013, the NTA per Share will increase from 27.53 cents to 32.72 cents as at 30 June 2013.

After the Proposed Divestment and the repayment of the debt from part of the divestment proceeds, the Group will be in a net cash position (assuming the Proposed Divestment had been completed on 30 June 2013). This will significantly strengthen the balance sheet of the Group, and allow the Company to continue its current strategy of geographical expansion and addition of complementary capabilities through acquisitions.

3.3 Business environment for Servelec Healthcare

In 2002, the UK Department of Health launched a £12.7 billion National Programme of IT (“**NPfIT**”) with the primary aim of (i) making UK National Health Services (“**NHS**”) more efficient; and (ii) improving the quality of information and patient care, ostensibly through the creation of an electronic patient care record for each and every NHS patient which could be universally accessed by all relevant care providers.

Since 2005, Servelec Healthcare has derived most of its revenue from the delivery of its Electronic Patient Record (“**EPR**”) software solution, the chosen EPR software solution within the framework of the NPfIT for the Mental Health and Community Health Trusts in the London and South England regions. However, in the third-quarter of 2015, the London and South England regions will cease to be supported by NPfIT, which will be replaced by a new framework established in January 2013 where end users (e.g. Mental Health and Community

¹ The trailing 12-month PE ratio is based on the consolidated net profit after tax and minority interests of the Servelec Group for the 12-month period ended 30 June 2013, and the Offer Price.

² The trailing 12-month PE ratio of the Company at a relevant date is based on the consolidated net profit after tax and minority interests for the preceding 12-month period and the last traded price as at that relevant date. The Company’s average trailing 12-month PE ratio is for the one year period up to 12 August 2013, being the last market day on which Shares were traded prior to the Company’s announcement on 13 August 2013, as sourced from Bloomberg L.P.

Healthcare Trusts) can directly procure IT systems from a panel of pre-selected IT solutions providers under the new framework.

The new framework ultimately results in the opening up of the NHS IT market, which gives rise to the risk of increased competition from Servelec Healthcare's competitors, balanced by the opportunities for Servelec Healthcare to increase its market share (by maintaining its market share in existing areas while extending its solutions to new coverage areas).

3.4 Enable the Servelec Group to Access the Capital Markets

As part of its commitment to its group of companies, the Company has been providing the Servelec Group with the financial strength to grow inorganically including the provision of funding for two of the four acquisitions made by Servelec since the year 2000. However, as a listed company, the Company may under certain circumstances, be required to obtain certain approvals from, *inter alia*, its shareholders and regulators, and such constraints may not facilitate a timely response from the Servelec Group to any significant changes in its business environment. As such, it is expected that the Proposed Divestment will enable the Servelec Group to be financially independent, and access debt and equity capital markets to fund the future growth of its business in a timely manner based on its own needs and financial standing.

In addition, free cash which had previously been distributed as dividend back to the Company for use in other parts of the global business will be retained by the Servelec Group for the growth of its business, including supporting the funding of future potential acquisitions of selected companies with intellectual property and recurring revenues that will enhance its position, strength, market offering or client base into its current markets of automation and healthcare.

4. **Segregation of Businesses and Management of the Servelec Group and CSE-2013**

4.1 The businesses of the Servelec Group and CSE-2013 are clearly segregated

The assets and operations of the Servelec Group will not be the same as CSE-2013. The Servelec Group and CSE-2013 carry on distinctive businesses with different market segments, geographies, customers and products/solution/services, with minimal overlap and absence of competition.

The value of the transactions for products/solution/services (excluding management charges and interest income/expenses) between the Servelec Group and CSE-2013 are not material. The transaction values for FY2012 and unaudited 1H2013 were S\$1.0 million and S\$0.7 million respectively.

To the extent there are common customers for the Servelec Group and CSE-2013, there is no conflict or competition between these businesses to such customers in terms of products offered by each of these businesses as each of their product offerings are different.

There will not be recurring transactions nor sharing of resources between the Servelec Group and CSE-2013 after the completion of the Proposed Divestment.

Given the minimal overlap and absence of competition between both businesses, there will not be any non-compete arrangement between the Servelec Group and CSE-2013.

4.2 Senior Management

Both the Servelec Group and CSE-2013 are managed by separate management, operational, financial and administrative teams and are therefore not inter-dependent. Upon completion of the Proposed Divestment:

- (a) Alan Russell Stubbs, the current Group Chief Executive Officer and the Chief Executive Officer of the Servelec Group, will cease to be the Group Chief Executive Officer; and

- (b) Lim Boon Kheng, the current Interim Group Managing Director and CSE Asia Managing Director, will replace Alan Russell Stubbs as the Group Chief Executive Officer.

4.3 Board of Directors

Both Servelec and the Company will have different sets of board members.

Lim Ming Seong, the Company's Chairman, had resigned as director from Servelec on 1 September 2013.

Upon completion of the Proposed Divestment, the following changes will be made to the board of Directors of the Company:

- (a) Alan Russell Stubbs, the Chief Executive Officer of Servelec, will resign as Director of the Company; and
- (b) Richard Last, the Chairman of Servelec, will resign as Director of the Company.

5. **Information about CSE-2013 and its future plan after the Proposed Divestment**

As announced by the Company on 13 August 2013, the Company will, following the completion of the Proposed Divestment, continue to operate and enhance the remaining entities of the Company's business based in Asia-Pacific, Middle East, Africa, Europe, Mexico and the United States of America.

CSE-2013 will organically grow its engineering integration services business, providing solutions to the Oil & Gas, Mining & Mineral and Infrastructure (Transportation and Utilities) industries. CSE-2013, with a team of more than 1,200 staff, will operate a network of 28 offices across 16 countries.

After the Proposed Divestment and after the repayment of debt from part of the net divestment proceeds, the Group will be in a net cash position. This will allow CSE-2013 access to more of the Group's financial resources to continue its current strategy of geographical expansion and addition of complementary capabilities through acquisitions.

The financial performance of CSE-2013 for FY2010, FY2011, FY2012 and unaudited 1H2013 is as follows:

	FY2010	FY2011	FY2012	Unaudited 1H2013
Revenue (S\$'000)	341,004	348,683	448,241	189,539
Profit before tax attributable to Shareholders (S\$'000)	39,613	31,822 ⁽¹⁾	39,052 ⁽²⁾	23,391
Profit after tax attributable to Shareholders (S\$'000)	30,771	22,511 ⁽¹⁾	28,796 ⁽²⁾	17,118
Return on sales (%)	9.0%	6.5%	6.4%	9.0%
NAV for the continuing operations (S\$'000)	124,191	120,794	138,474	152,951
Return on equity (%)	24.8%	18.7%	20.8%	22.4% ⁽³⁾
Outstanding orders (S\$'000)	219,925	316,901	278,561	272,565

Notes:

- (1) Excludes a one-time provision of foreseeable loss of S\$21.7 million (or after tax of S\$18.0 million).
- (2) Excludes a one-time gain on disposal of an associated company of S\$9.2 million.
- (3) Percentage is calculated based on annualised figures.
- (4) The financial numbers illustrated above exclude the Servelec Group and are based on continuing operations only.

The breakdown in revenue by industries of CSE-2013 for FY2010, FY2011, FY2012 and unaudited 1H2013 is as follows:

	← FY2010 →		← FY2011 →		← FY2012 →		← Unaudited 1H2013 →	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Oil & Gas	255,753	75.0	250,354	71.8	349,180	77.9	141,396	74.6
Mining & Minerals	69,906	20.5	64,506	18.5	63,202	14.1	31,274	16.5
Infrastructure	15,345	4.5	33,823	9.7	35,859	8.0	16,869	8.9
Total	341,004	100.0	348,683	100.0	448,241	100.0	189,539	100.0

The breakdown of revenue by geographical regions of CSE-2013 for FY2010, FY2011, FY2012 and unaudited 1H2013 is as follows:

	← FY2010 →		← FY2011 →		← FY2012 →		← Unaudited 1H2013 →	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
America	152,145	44.6	156,308	44.8	214,711	47.9	93,593	49.4
Europe, Middle East and Africa	74,360	21.8	57,141	16.4	106,581	23.8	30,525	16.1
Asia Pacific	114,499	33.6	135,234	38.8	126,949	28.3	65,421	34.5
Total	341,004	100.0	348,683	100.0	448,241	100.0	189,539	100.0

6. Use of Proceeds

6.1 Use of Net Proceeds

The Sale Shares will be sold at the IPO at the Offer Price and the Company expects to receive net proceeds of approximately S\$219.6 million from the Proposed Divestment (after deducting expenses of approximately S\$24.5 million, which includes the Management Payout and the payment to Richard Last as described below (the "**Transaction Expenses**"). The net proceeds were arrived at through a book building process and on the basis that the IPO will be fully underwritten.

The Company intends to utilise the net proceeds from the Proposed Divestment in the following manner:

- (a) approximately S\$75.1 million to repay the Group's bank borrowings; and
- (b) the balance of approximately S\$144.5 million to be distributed to Shareholders by way of an interim dividend of S\$0.28 per Share (the "**Interim Special Dividend**").

The Company will make periodic announcements as and when the net proceeds are materially disbursed and will provide a status report on the use of the proceeds in the annual reports of the Company until such time the proceeds are fully utilised.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, the Company may deposit the proceeds with banks and/or financial institutions, invest the proceeds in short-term money markets and/or marketable securities, or use for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

6.2 Management Payout

As determined by the Remuneration Committee of the Company, the Transaction Expenses will include a payment (the "**Management Payout**") of approximately S\$10.4 million to the senior management of Servelec as a reward for their past contributions in growing the

business of Servelec which in turn contributed to the Company and as an incentive for them to complete the IPO process. For the avoidance of doubt, the Management Payout will not be made if the IPO does not proceed.

The senior management of Servelec entitled to the Management Payout includes:

- (a) Alan Russell Stubbs, the current Group Chief Executive Officer and Servelec Managing Director (who will be the Chief Executive Officer of Servelec); and
- (b) 10 other employees who are senior management, division or departmental heads of Servelec,

(collectively the “**Servelec Management Employees**”).

An amount of S\$6.0 million will be paid to Alan Russell Stubbs from the Management Payout.

The audit committee of the Company (save for Richard Last who is an audit committee member and who has abstained from making any recommendation on the Management Payout) is of the view that the above payment to Alan Russell Stubbs is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders. In addition, the amount of the payment to Alan Russell Stubbs does not exceed 5% of the latest audited consolidated NTA of the Company (whether on its own or aggregated with any past Interested Person Transactions (“**IPTs**”) with Alan Russell Stubbs in the current financial year) and hence will not require any specific shareholders' approval under Chapter 9 of the Listing Manual. For the avoidance of doubt, save for the Management Payout, the Company does not have any other IPTs with Alan Russell Stubbs.

6.3 Payment to Richard Last

Richard Last, an independent Director and Chairman of Servelec, is entitled to receive a payment of approximately S\$0.2 million for services rendered to the Company in connection with the IPO. For the avoidance of doubt, the payment to Richard Last will not be made if the IPO does not proceed.

The audit committee of the Company (save for Richard Last who is an audit committee member and who has abstained from making any recommendation on the payment to him) is of the view that the payment to Richard Last is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders. In addition, the amount of the payment to Richard Last does not exceed 5% of the latest audited consolidated NTA of the Company (whether on its own or aggregated with any past IPTs with Richard Last in the current financial year) and hence will not require any specific shareholders' approval under Chapter 9 of the Listing Manual. For the avoidance of doubt, save for the above payment, the Company does not have any other IPTs with Richard Last.

7. **Financial effects of the Proposed Divestment**

The proforma financial effects of the Proposed Divestment on the Group have been prepared based on the Group's audited consolidated financial statements for FY2012 and unaudited consolidated financial statements for 1H2013. These proforma financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after the completion of the Proposed Divestment.

The significant assumptions and bases of the proforma financial effects are as follows:

- (a) the net proceeds from the Proposed Divestment is S\$219.6 million after deducting the Transaction Expenses;
- (b) approximately S\$75.1 million will be used to repay the Group's bank borrowings;
- (c) approximately S\$144.5 million will be distributed to Shareholders by way of the Interim Special Dividend;

- (d) NTA per Share is derived based on 516,067,852 issued Shares as at 31 December 2012 and 30 June 2013; and
- (e) diluted earnings per share (“**EPS**”) is the same as basic EPS as there are no dilutive potential of ordinary shares.

7.1 NTA

Assuming that the Proposed Divestment had been completed on 31 December 2012 and 30 June 2013, the proforma financial effects of the Proposed Divestment on the NTA per Share of the Group as at 31 December 2012 and 30 June 2013 respectively would have been as follows:

	← FY2012 →		← Unaudited 1H2013 →	
	Before the Proposed Divestment	After the Proposed Divestment	Before the Proposed Divestment	After the Proposed Divestment
NTA (S\$'000)	129,857	152,140	142,056	168,848
Number of issued Shares ('000)	516,068	516,068	516,068	516,068
NTA per Share (cents)	25.16	29.48	27.53	32.72

8.2 EPS

Assuming that the Proposed Divestment had been completed on 1 January 2012 and 1 January 2013, the proforma financial effects of the Proposed Divestment on the EPS of the Group for FY2012 and unaudited 1H2013 would have been as follows:

	← FY2012 →		← Unaudited 1H2013 →	
	Before the Proposed Divestment	After the Proposed Divestment	Before the Proposed Divestment	After the Proposed Divestment
Profit attributable to Shareholders (S\$'000)	46,581 ⁽¹⁾	28,796 ⁽¹⁾	25,102	17,118
Basic and Diluted EPS				
Weighted average number of issued Shares ('000)	516,068	516,068	516,068	516,068
Basic and Diluted EPS (cents)	9.03	5.58	4.86	3.32

Notes:

- (1) Excludes a one-time gain on disposal of an associated company for S\$9.2 million.
- (2) The profit attributable to Shareholders is from continuing operations after taxation and excludes the gain on disposal arising from the Proposed Divestment.

8.3 Gearing

Assuming that the Proposed Divestment had been effected on 31 December 2012 and 30 June 2013, and the repayment of S\$75.1 million of the Group's bank borrowings from the net proceeds, the proforma financial effects of the Proposed Divestment on the gearing of the Group for as at 31 December 2012 and 30 June 2013 would have been as follows:

	← FY2012 →		← Unaudited 1H2013 →	
	Before the Proposed Divestment	After the Proposed Divestment	Before the Proposed Divestment	After the Proposed Divestment
Total borrowings ⁽¹⁾ (S\$'000)	118,675	43,609	105,938	30,872
Cash and bank balances (S\$'000)	74,197	52,428	90,920	76,531
Net borrowings/(cash) (S\$'000)	44,478	(8,819)	15,018	(45,659)
Total shareholders' funds (S\$'000)	232,723	213,543	245,298	228,020
Net gearing ratio ⁽²⁾	19.11	[-] ⁽³⁾	6.12	[-] ⁽³⁾

Notes:

- (1) Total borrowings comprise short-term bank borrowings and long-term bank borrowings.
- (2) Net gearing is defined as total borrowings less total bank balances divided by shareholders' funds.
- (3) Net cash of S\$8.8 million for FY2012 and S\$45.7 million for 1H2013

8.4 Book Value

The aggregate book value of the Sale Shares as at 30 June 2013 was S\$130.7 million⁽¹⁾. The consideration for the Proposed Divestment will be S\$219.6 million. After taking into account the estimated expenses to be incurred in connection with the Proposed Divestment, the estimated gain of net proceeds over the book value will be approximately S\$88.9 million.

Note:

- (1) After taking into consideration translation differences.

For the avoidance of doubt, the completion of the Proposed Divestment and the payment of the Interim Special Dividend shall be conditional upon the completion of the IPO. In the event that the IPO is not completed, the Proposed Divestment will not take place and the Interim Special Dividend will not be payable to Shareholders.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests and to exercise caution when dealing with the Shares. In the event that Shareholders wish to deal in the Shares, they should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

The Board wishes to announce that the Company has today despatched the circular dated 13 November 2013 (the "**Circular**") setting out information on the Proposed Divestment to the Shareholders of the Company.

The Board would also like to refer the Shareholders to the announcement by the Company dated 13 November 2013 setting out the notice of extraordinary general meeting to be convened in connection with the Proposed Divestment.

By Order of the Board

Jimmy Yap Tuck Kong
Company Secretary

13 November 2013