



**SBI Offshore Limited**  
(Incorporated in the Republic of Singapore on 1 October 1994)  
(Company Registration Number: 199407121D)

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## UPDATE ON THE NPT TRANSACTIONS

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### 1. INTRODUCTION

- 1.1 The Board of Directors ("**Board**") of SBI Offshore Limited ("**Company**") refers to the letter to shareholders dated 1 September 2016 ("**Letter**") containing, amongst others, information relating to the proposed resolutions for the removal of an existing Director and appointment of four (4) proposed directors of the Company to be considered at the extraordinary general meeting to be held on 16 September 2016 ("**EGM**").

All capitalised terms not defined herein shall have the same meanings as used in the Letter.

- 1.2 As disclosed in section 4 of the Letter, in connection with completion of the NPT Disposal, certain issues relating to the NPT Transactions, some of which involved one of the Proposed Directors, Mr. Hui Choon Ho (who was a Director of the Company then), were brought to the Board's attention and PwC was instructed by the ARMC to review the circumstances surrounding the NPT Transactions.
- 1.3 PwC has since finalised its Findings to Date dated 6 September 2016 ("**PwC NPT Findings**") and an executive summary of the PwC NPT Findings is attached to this Announcement.

### 2. SALIENT FINDINGS OF THE PwC NPT FINDINGS

- 2.1 The PwC NPT Findings highlighted that there were two (2) sets of agreements purportedly entered into in connection with each of the acquisition and disposal of NPT and their contents differ, especially with regard to the sale and purchase consideration. This gives rise to potential legal implications as there was no satisfactory explanation provided to PwC as to the reason for having two (2) different sets of documents for the same transaction.
- 2.2 Shareholders should read the full text of the Executive Summary of the PwC NPT Findings attached hereto for the detailed findings.

### 3. ACTIONS TO BE TAKEN BY THE BOARD

- 3.1 The Board noted the legal implications arising from the existence of two (2) sets of agreements in connection with each of the acquisition and disposal of NPT as highlighted by PwC (including possible breaches of PRC tax laws, the Securities and Futures Act (Chapter 289 of Singapore) and Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited: Rules of Catalist) and will, as recommended by PwC, be instructing its legal counsel to review the PwC NPT Findings and provide advice to the Board on the appropriate course of action, including referring the matter to the relevant authorities, if necessary.

- 3.2 In this regard, the Board noted that Mr. Hui Choon Ho was the Executive Chairman and Chief Executive Officer of the Company at the time the two (2) NPT acquisition agreements were signed and both sets of the NPT acquisition agreements were allegedly signed by him on behalf of the Company. The Board noted that PwC did not receive a satisfactory explanation from Mr. Hui Choon Ho on the existence of the two (2) sets of the NPT acquisition agreements.
- 3.3 The Board also noted that Mr. Tan Woo Thian was the Executive Director and Chief Executive Officer of the Company at the time the two (2) NPT disposal agreements were signed and both sets of the NPT disposal agreements were allegedly signed by him on behalf of the Company. This was despite the fact that Mr. Tan Woo Thian had presented the second set of the NPT disposal agreement to the Board for approval and the Board did not agree to its execution as there was already a duly signed disposal agreement at that time and the consideration was different. As at the date of the PwC NPT Findings, PwC did not receive any clarification from Mr. Tan Woo Thian on the existence of the two (2) sets of disposal agreements.
- 3.4 The Company will continue to make announcements as and when appropriate to update its shareholders accordingly.

#### **4. DIRECTORS' RECOMMENDATIONS ON THE PROPOSED RESOLUTION TO APPOINT MR. HUI CHOON HO AS A DIRECTOR**

##### **4.1 Implications of Mr. Hui Choon Ho's involvement in the NPT Transactions**

As highlighted in paragraph 3 of this Announcement, the Board noted the legal implications arising from the NPT acquisition as Mr. Hui Choon Ho was allegedly the common signatory for both sets of NPT acquisition agreements. Further, the Board noted that Mr. Hui Choon Ho has not provided satisfactory explanation to PwC on the existence of the two (2) sets of NPT acquisition agreements.

##### **4.2 Recommendations of the Board on the Proposed Appointment of Mr. Hui Choon Ho**

In view of the foregoing and the reasons set out in Section 5.2(a) of the Letter, the Board is of the view that Mr. Hui Choon Ho's involvement in the NPT Transactions and his conduct has raised doubts on his suitability to act as a Director of the Company. Taking into consideration the Board's view on the Board composition as set out in Section 2.5 of the Letter, as well as the Board's recommendations with regard to the other Proposed Resolutions, the Board wishes to affirm its recommendation in the Letter that the Shareholders vote **AGAINST** the Proposed Resolution to appoint Mr. Hui Choon Ho as a Director of the Company.

##### **4.3 Issue of supplemental letter to Shareholders**

The Board will be despatching a supplemental letter to Shareholders ("**Supplemental Letter**") to provide Shareholders with further details on the PwC NPT Findings as well as updated information on the Sponsor's advice and the recommendations of the Board in relation to the Proposed Resolutions. A copy of the Supplemental Letter is also attached together with this Announcement.

**Shareholders are advised to consider carefully all available information relating to the Proposed Resolutions and circumstances surrounding the conduct of the Proposed Directors in the Letter and the Supplemental Letter when voting on the Proposed Resolutions.**

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make the necessary announcements when there are material developments on this matter. Shareholders of the Company and potential investors are advised to read all announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**By Order of the Board**

**Mirzan Bin Mahathir**  
**Non-Executive Non-Independent Chairman**  
**9 September 2016**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*

**APPENDIX**

**EXECUTIVE SUMMARY OF THE PwC NPT FINDINGS**

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# ***SBI Offshore Limited***

Findings to Date on NPT  
Transactions – Executive  
Summary  
(as of 6 September 2016)



# *Executive Summary*

## Background

1. SBI Offshore Limited (“the Company”) is a company incorporated in Singapore on 1 October 1994. The principal activities of the Company are in the marketing and distribution of drilling and related equipment, integrated engineering and equipment solutions. The Company was listed on the Singapore Stock Exchange Securities Trading Limited (“SGX-ST”) on 11 November 2009.
2. Hui Choon Ho was the Executive Chairman and Chief Executive Officer (“CEO”) of the Company from 17 March 2008 to 17 August 2012. Tan Woo Thian, who was Executive Director (“ED”) since 1 July 1997, took over as the CEO of the Company from 17 August 2012. He resigned as the CEO and ED on 18 March 2016 and was retained by the Company as the Commercial Manager. At date of this report, we understand that Tan Woo Thian is no longer under the employment of the Company. Chan Lai Thong was appointed as the Executive Chairman of the Company on 17 August 2012 and subsequently re-designated as the CEO of the Company on 18 March 2016, replacing Tan Woo Thian. Mirzan Bin Mahathir took over from Chan Lai Thong as the Non-Executive Chairman of the Company on 18 March 2016.
3. In 2008 or 2009<sup>1</sup>, the Company acquired a 35% equity interest in Jiangyin Neptune Marine Appliance Co. Ltd. (“NPT”) from a Taiwanese individual, Chen yen-ting<sup>2</sup>, at a consideration of US\$ 1.75 million through an equity transfer agreement (“the Undated Acquisition ETA”). The Undated Acquisition ETA was signed by Chen yen-ting and Hui Choon Ho on behalf of the Company.
4. On 18 August 2015, the Company announced that it had entered into an equity transfer agreement dated the same date (“the First Disposal ETA”) to dispose of the entire 35% equity interest in NPT to a People’s Republic of China (“PRC”) individual by the name of Hua Hanshou at a consideration of US\$ 3.5 million.
5. During the Board of Directors meeting on 11 November 2015, a draft of a second disposal equity transfer agreement with a disposal price of US\$1.75 million was tabled for the Board’s consideration, even though the Company had previously entered into the First Disposal ETA. The Board had accordingly decided against entering into the proposed second disposal equity transfer agreement.
6. On 6 July 2016, the Audit Committee of the Company (“AC”) received an email from Hui Choon Ho which commented, amongst other issues, on the transactions relating to the Company’s acquisition and disposal of the 35% equity interest in NPT.

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<sup>1</sup> The date of acquisition of NPT was stated in the Company’s Prospectus as 3 March 2009. However, the Undated Acquisition ETA, below the signature block, states that the signature date was in the year 2008 without stating the month and date.

<sup>2</sup> Also refer to Paragraph 9 and its footnote.

7. On 21 July 2016, the AC appointed PricewaterhouseCoopers Advisory Services Pte Ltd (“PwC”) to review the facts and circumstances regarding the acquisition and disposal of the 35% equity interest in NPT (“the NPT Transactions”).

## Jiangyin Neptune Marine Appliance Co., Ltd (“NPT”)

8. NPT is a company incorporated in the PRC and engaged in the manufacturing of marine equipment, fittings and boats. At the point of acquisition of the 35% equity interest in NPT by the Company in 2008 or 2009, NPT was 65% owned by Jiangyin Wanjia Yacht Co., Ltd (“Wanjia”), a company incorporated in the PRC, and 35% owned by Chen yen-ting.
9. The Company entered into the Undated Acquisition ETA prior to its listing on the SGX-ST to acquire 35% equity interest in NPT from Chen yen-ting at a consideration of US\$ 1.75 million. The Undated Acquisition ETA bore the signature of Hui Choon Ho on behalf of the Company and another signature which appears to be Chen yen-ting’s. Although Chen yen-ting’s English name as translated in the body of the Undated Acquisition ETA is “Chen, yen-ting”, the signature in English was signed off as “Yang Ting Chen”<sup>3</sup>. The Undated Acquisition ETA, below the signature block, states that the signature date was in the year 2008 without stating the month and date, while the date of acquisition of NPT by the Company was stated as 3 March 2009 in the Company’s Prospectus dated 11 November 2009.
10. In relation to the acquisition consideration of US\$ 1.75 million, we note from a supplementary agreement to NPT’s shareholders’ agreement dated 16 January 2009 that was entered into between Wanjia, Chen yen-ting and the Company that NPT had paid the acquisition consideration of US\$ 1.75 million to Chen yen-ting. As the Undated Acquisition ETA was an acquisition by the Company of existing shares of Chen yen-ting in NPT, the acquisition consideration ought to have been paid by the Company, instead of NPT. It appears from the Company’s records that subsequent to this, NPT recovered from the Company the amount which NPT paid to Chen yen-ting for the shares acquired by the Company. This appears to have been done by way of a journal entry in the Company’s books passed on 31 May 2009, in which the acquisition consideration of US\$ 1.75 million appears to have been accounted for by way of reclassifying an amount that was due from NPT to the Company to an investment by the Company in NPT. On this basis, it appears that there was no evidence of any cash payment by the Company for the acquisition of the 35% equity interest in NPT.
11. The Company’s Prospectus for the listing on SGX-ST on 11 November 2009 shows that the investment in NPT took place on 3 March 2009 at a cost of US\$1.75 million. However, in the Company’s annual reports for the subsequent financial years, the Company’s cost of investment in NPT was reflected as US\$1.8 million. We have not seen any Directors’ resolution which approved an increase of US\$50,000 in the investment cost or any supplementary acquisition agreement which evidenced such increase. We understand that Hui Choon Ho and

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<sup>3</sup> We also noted that in the Dated Acquisition ETA (see Paragraph 14), Chen yen-ting signed off in English as “Yan Ting Chen”, which is different from his signature in the Undated Acquisition ETA as well as his name that was translated in the Undated Acquisition ETA.

Tan Woo Thian were subsequently appointed to the Board of NPT after the Company's acquisition of the 35% equity interest in NPT

12. On 18 August 2015, the Board of the Company passed a resolution to dispose of the 35% equity interest in NPT to Hua Hanshou at a consideration of US\$ 3.5 million. The First Disposal ETA was entered into on 18 August 2015 and bore the signatures of Tan Woo Thian on behalf of the Company and Hua Hanshou. The First Disposal ETA states that the disposal price of US\$ 3.5 million was to be paid to the Company in the following terms:
  - a. US\$ 1,250,000 to be paid within 5 business days upon execution of the First Disposal ETA;
  - b. US\$ 1,750,000 to be paid within 30 business days upon execution of the First Disposal ETA; and
  - c. US\$ 500,000 to be paid in 5 annual instalments over five years after the approval of the First Disposal ETA by the relevant authority.

The Company made an announcement on the disposal of the 35% equity interest in NPT on 18 August 2015, the same day as the date of the First Disposal ETA.

13. We noted that the Company received the first payment of US\$ 1.25 million in 2 tranches, a US\$ 1.12 million on 19 August 2015 and another US\$ 130,000 on 14 September 2015. Both tranches appeared to have been remitted from the bank account of NPT with HSBC Bank, New York. The second payment of US\$ 1.75 million was received by the Company, net of withholding tax of US\$ 140,000 and bank charges, on 15 September 2015. The net amount of US\$ 1,609,988 for the second payment appeared to have been remitted by a company known as Jiangyin Vanguard Boating Co., Ltd (“Vanguard”). Even though the shares were sold to Hua Hanshou, none of the payments appeared to have been made by him.
14. Apart from the Undated Acquisition ETA, we noted another Acquisition ETA dated 20 October 2008 entered between Chen yen-ting and the Company for the Company to acquire the 35% equity interest in NPT at a consideration of US\$ 350,000 (“the Dated Acquisition ETA”). The Dated Acquisition ETA bore the signatures of Hui Choon Ho and Tan Woo Thian, both on behalf of the Company, and Chen yen-ting. The Dated Acquisition ETA also bore the signature of a Hua Haijing, Ollie (“Ollie Hua”) as a representative of Wanjia, the other shareholder of NPT. The company seal of Wanjia was also affixed on the Dated Acquisition ETA.
15. We understand from Amy Soh, the Company’s Chief Financial Officer, that she came to know of the Dated Acquisition ETA only when Ollie Hua provided a copy of the same to her on 22 September 2015. Following the Company’s disposal of its 35% equity interest in NPT, Ollie Hua informed the Company by way of her email on 17 September 2015 that a withholding tax of US\$ 140,000 was payable, based on a profit of US\$ 1.4 million, arising from an investment cost to the Company of US\$ 350,000 (instead of US\$ 1.75 million as stated in the Undated Acquisition ETA) and a disposal price of US\$1.75 million (instead of US\$3.5 million as stated in the First Disposal ETA). As Amy Soh was under the impression that the acquisition consideration of the 35% equity interest in NPT was US\$1.75 million and the disposal consideration was US\$ 3.5 million, she sought

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clarification from Ollie Hua on 22 September 2015 on her computation of the withholding tax. It was only then that Ollie Hua provided a copy of the Dated Acquisition ETA to Amy Soh.

16. With regard to the disposal of the 35% equity interest in NPT by the Company, we also noted a Second Disposal ETA that was entered between the Company and Wanjia on 8 December 2015 for the Company to dispose of its 35% equity interest in NPT to Wanjia at a price of US\$ 1.75 million. The Second Disposal ETA bore the signatures of Tan Woo Thian on behalf of the Company, Ollie Hua on behalf of Wanjia and Hua Haibo on behalf of NPT. The company seals of Wanjia and NPT were also affixed on the Second Disposal ETA.
17. We understand from Amy Soh that she had received the Second Disposal ETA from the Company's PRC lawyers only on 15 August 2016. This was after she had enquired on the details which were lodged with the PRC authorities in relation to the Company's disposal of the 35% equity interest in NPT. Amy Soh further represented that the Company's PRC lawyers had verbally informed her that this signed Second Disposal ETA was lodged with the relevant PRC authorities.
18. The Second Disposal ETA was signed despite the fact that the Board of the Company had taken the decision not to do so. At a Board meeting held on 11 November 2015, the Board made this decision on the ground that a First Disposal ETA at a consideration of US\$ 3.5 million had already been signed and announced. We understand that Tan Woo Thian was also involved in that Board meeting as a director of the Company. However, as he was deemed by the Board to be interested in the NPT Transactions, he excused himself during the discussion of the Second Disposal ETA. We understand from the minutes of the Board meeting that the Board had reiterated the decision not to sign the Second Disposal ETA after Tan Woo Thian re-joined this Board meeting.
19. We understand that a withholding tax of 10% on the profit made on the disposal of shares in a PRC company is payable to the PRC tax authority. Based on the withholding tax of Rmb 891,926 (equivalent to US\$ 140,000) filed with the PRC tax authority, the withholding tax appears to be based on a profit of US\$ 1.4 million, arising from an investment cost to the Company of US\$ 350,000 (based on the Dated Acquisition ETA) and a disposal consideration of US\$ 1.75 million (based on the Second Disposal ETA). The tax filing with the PRC tax authority was made by Wanjia, instead of Hua Hanshou, on 14 September 2015. We noted that Hua Hanshou had novated the First Disposal ETA to Wanjia pursuant to a novation agreement. However, we noted that the novation agreement was dated 1 December 2015, two and a half months after the tax filing.
20. We also noted that there is a Directors' Resolution of the Company dated 1 December 2015 in which it was resolved that Tan Woo Thian be authorised to sign a novation agreement to novate the First Disposal ETA from Hua Hanshou to Wanjia. In relation to the novation agreement, the same Directors' Resolution also resolved that a Power of Attorney be granted by the Company in favour of Tan Woo Thian. There were two Powers of Attorney both dated 8 December 2015, which authorised Tan Woo Thian to sign a novation agreement. The first Power of Attorney was in Chinese and the second was in both Chinese and English. The English language of the Power of Attorney specifically authorised Tan Woo Thian to sign a novation agreement, but the Chinese

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language appears to authorise Tan Woo Thian to sign a "share transfer agreement". As the novation agreement had already been signed on 1 December 2015, the Chinese language of the Power of Attorney raises the question whether it was granted for the purpose of signing the novation agreement. It further raises the question whether Tan Woo Thian had relied on the Chinese language of the Power of Attorney as the basis for signing the Second Disposal ETA, as both documents were dated 8 December 2015.

21. The existence of the Undated and Dated Acquisition ETAs with different contractual acquisition considerations raises serious concerns as to whether the Undated or Dated Acquisition ETA was valid. Both the Undated and Dated Acquisition ETAs appear to have been signed by Hui Choon Ho on behalf of the Company. Tan Woo Thian also appears to have signed the Dated Acquisition ETA on behalf of the Company. The Undated Acquisition ETA was undated (except for the year 2008) while the Dated Acquisition ETA was dated 20 October 2008 with the company's seal of Wanjia (as the other shareholder of NPT) affixed. We noted that while the dates of the Undated and Dated Acquisition ETAs were in 2008, the Company's Prospectus states an acquisition date of 3 March 2009. We also noted that the lodgement with the Jiangyin Trade and Business Administration Bureau for the change of details in corporate information (including change in shareholdings) was dated March 2009.
22. If the Undated Acquisition ETA was valid and the acquisition consideration for the 35% equity interest in NPT was US\$ 1.75 million and not US\$ 350,000, it raises questions whether the Company had under-declared the acquisition consideration with the PRC tax authority and whether there might have been a breach of PRC tax laws.
23. If the Dated Acquisition ETA was valid, the Company's Prospectus may have been misstated as the acquisition consideration for the 35% equity interest in NPT was stated as US\$ 350,000 in the Dated Acquisition ETA while the Company's Prospectus stated it as US\$ 1.75 million. The possible misstatement in the Company's Prospectus raises questions whether there might have been a breach of the Securities and Futures Act (Cap 289) Section 254 and the Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"): Rules of Catalist ("the Catalist Rules"), Rule 112.
24. Similarly, the existence of a First and Second Disposal ETA with different contractual prices raises serious concern as to whether the First or Second Disposal ETA was valid. Tan Woo Thian appears to have signed both the First and Second Disposal ETA on behalf of the Company, the First Disposal ETA being signed on 18 August 2015 and the Second Disposal ETA being signed on 8 December 2015. The Second Disposal ETA was signed even though the Board had expressly disapproved this at the Board meeting on 11 November 2015, at which Tan Woo Thian was present. This raises the question whether Tan Woo Thian is duly authorised to sign the Second Disposal ETA on behalf of the Company. If not, the Second Disposal ETA may be invalid.
25. If the First Disposal ETA was valid and the disposal price of the 35% equity interest in NPT was US\$3.5 million and not US\$1.75 million, it raises questions whether the Company had under-declared the disposal price with the PRC tax authority and whether there might have been a breach of PRC tax laws.

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26. If the Second Disposal ETA was valid and the disposal price of the 35% equity interest in NPT was US\$ 1.75 million and not US\$ 3.5 million, the announcement made by the Company on 18 August 2015 would have been inaccurate. This raises questions whether there might have been a breach of the Securities and Futures Act (Cap 289) Section 199 and Catalist Rules, Rule 112.
27. Out of the US\$3 million that was received by the Company pursuant to the First Disposal ETA, payments amounting to a total of US\$1.25 million appear to have been paid out of NPT's bank account maintained with HSBC Bank in New York, when the shares were sold to Hua Hanshou. This raises the question whether NPT is permitted under PRC law to finance the acquisition of its own shares.
28. We have sought clarification from Tan Woo Thian and Hui Choon Ho by way of separate emails on 27 August 2016 on matters relating to the Company's acquisition and disposal of the 35% equity interest in NPT. Our email enclosed the draft executive summary of our findings to date and a list of questions for their response. We also invited them to an interview with us by 31 August 2016. We further sent a letter to Tan Woo Thian on 29 August 2016 (with the same contents as our email of 27 August 2016) as he did not respond to our said email. As of the date of this report, Tan Woo Thian has not responded.
29. On the same date as our email of 27 August 2016, Hui Choon Ho sent an email to us setting out his response as follows:
- a. He does not recall signing the Dated Acquisition ETA. His understanding is that the Dated Acquisition ETA was either invalid or had been superseded by the Undated Acquisition ETA. He stated that the Company might not have been diligent in its documentation process as it was a private limited company during the time of its acquisition of the 35% equity interest in NPT. Hui Choon Ho also represented that, in any event, the transaction relating to the acquisition of the 35% equity interest in NPT had been approved by the Company's shareholders and directors;
  - b. He does not know whether the Undated and Dated Acquisition ETAs were submitted to the relevant PRC authorities; he was only a non-executive director of NPT and was not involved in its day to day affairs;
  - c. He represented that there was an additional cost of investment of US\$ 50,000 because the Company was late in its payment of the original acquisition consideration of US\$ 1.75 million;
  - d. He represented that the sponsor, auditors and lawyers to the Company's Initial Public Offering had all verified the acquisition transaction and were satisfied that the carrying value of the 35% equity interest in NPT was worth US\$ 1.8 million; and
  - e. He represented that there was an agreement for payment of the acquisition consideration to be effected by deducting the amounts due from NPT to the Company and in turn for NPT to pay the seller, i.e. Chen yen-ting, in order to secure the share certificate.

30. In reply to the above, on 28 August 2016, we sent copies of the Undated Acquisition ETA, the Dated Acquisition ETA and the Supplementary Agreement to the NPT Shareholders' Agreement to Hui Choon Ho and sought confirmation that he signed on each of these agreements. In addition, we made the following queries:
- a. As Hui Choon Ho has stated in his email of 27 August 2016 that the acquisition consideration of US\$1.8 million was verified by the sponsor, auditors and lawyers to the Company's Initial Public Offering, we sought his explanation for the existence and purpose of a Dated Acquisition ETA at a different acquisition consideration of US\$350,000;
  - b. The investment cost was stated as US\$1.8 million in the Company's annual reports. This figure is different from the Company's Prospectus and the Undated Acquisition ETA, which both provide that the acquisition consideration was US\$1.75 million.
    - i. Whether the additional payment of US\$50,000 was approved by the Board; and
    - ii. Whether there was a supplemental agreement for the additional payment of US\$50,000.
31. Hui Choon Ho has not responded to the above queries as of the date of this report.
32. The documents that were submitted for filing with the relevant PRC authorities was based on the Dated Acquisition ETA as it reflected an acquisition consideration of US\$ 350,000 for the 35% equity interest in NPT. In addition, there was a Directors' Resolution of NPT dated 20 October 2008 which resolved that Chen yenting transfer his 35% equity interest in NPT to the Company at a consideration of US\$ 350,000. This contradicts Hui Choon Ho's claim that the Dated Acquisition ETA was invalid because if it was so, then the Dated Acquisition ETA should not have been filed with the PRC authorities. Hui Choon Ho also claimed that the Dated Acquisition ETA may have been superseded by the Undated Acquisition ETA. However, there was no evidence that the Undated Acquisition ETA was used in any filing with the PRC authorities.
33. Even though Hui Choon Ho's signature appears on the Dated Acquisition ETA, he claimed that he cannot recall signing the Dated Acquisition ETA. As stated above, we have forwarded him the Dated Acquisition ETA which bore his signature for him to confirm whether the signature appearing on the document is his. He has not replied as of the date of this report.
34. With regard to the difference in the acquisition consideration stated in the Company's Prospectus and Undated Acquisition ETA (US\$ 1.75 million) and the Company's annual reports (US\$ 1.8 million), Hui Choon Ho claimed that the reason for the additional US\$ 50,000 was because the Company was late in making payment of the acquisition consideration. However, Hui Choon Ho did not substantiate this claim. Although the due date for payment of the acquisition consideration was stated in the Undated Acquisition ETA to be 30 days from date of agreement, it is unclear when the due date of payment was since the document is undated. Similarly, the Dated Acquisition ETA does not provide for the payment date or schedule for the acquisition consideration.

35. Hui Choon Ho claimed that the sponsor, auditors and lawyers to the Company's Initial Public Offering had all verified that the carrying value of the 35% equity interest in NPT was worth US\$ 1.8 million. However, this claim was contradicted by the Company's Prospectus dated 4 November 2009 which stated that the acquisition consideration of the 35% equity interest in NPT was US\$ 1.75 million.

## Recommendations

36. In view of the legal implications arising from the existence of two sets each of the Acquisition ETAs and the Disposal ETAs, the Board should consider instructing legal counsel to review our findings and provide advice to the Board.

## Disclaimers

37. PwC has not been asked (and it has not) commented on, reviewed or assessed the validity or enforceability of the documents provided to PwC. The procedures that PwC performed under this engagement do not constitute an audit or review in accordance with generally accepted auditing or attestation standards. PwC has not audited or otherwise verified the information supplied to it in connection with its work from whatever source except as specified herein. In addition, our comments do not represent legal advice/interpretation. You should consult with your legal counsel with respect to any legal matters or items that require legal interpretation.
38. PwC's Findings to Date is based on documents and information relevant to its scope of work that were made available to PwC up to 5 September 2016. Documents or information provided to PwC after 5 September 2016 may have an impact on the Findings to Date. PwC reserves its right to correct any part of its Findings to Date as and when such documents or information emerges. This Findings to Date was prepared based on reviews of documents and interviews with certain management personnel.
39. PwC makes no representation and gives no warranty to any person (except to the extent provided in its engagement letter dated 21 July 2016) as to the accuracy or completeness of PwC's Findings to Date. PwC does not accept or assume responsibility for its work and its Findings to Date to any other party except to the Audit Committee of the Company. PwC's work was not planned or conducted in contemplation of reliance by any other party.