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**IDT INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 167)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IDT Holdings (Singapore) Limited (“IDTS”), a company listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and a 77.86% owned subsidiary of IDT International Limited, has on December 13, 2010 released to the SGX-ST an announcement (the “Announcement”) in relation to the despatch of Circular and Exit Offer Letter in respect of the proposed voluntary delisting of IDTS. The following is a reproduction of the Announcement for information purpose only.

By Order of the Board  
**IDT International Limited**  
**Dr. Raymond Chan**  
*Chairman*

Hong Kong, December 13, 2010

*The Directors of the Company as at the date of this announcement are Dr. Raymond Chan (Chairman), Mr. Barry John Buttifant (Group Chief Executive Officer) and Mrs. Chan Pau Shiu Yeng, Shirley as Executive Directors; Mr. Lo Kai Yiu, Anthony, Mr. Kao Ying Lun, Mr. Jack Schmuckli and Dr. Kenichi Ohmae as Independent Non-Executive Directors.*

Website: <http://www.idthk.com>

## MISCELLANEOUS




\* Asterisks denote mandatory information

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Name of Announcer *	IDT HOLDINGS (SINGAPORE) LTD
Company Registration No.	199600219E
Announcement submitted on behalf of	IDT HOLDINGS (SINGAPORE) LTD
Announcement is submitted with respect to *	IDT HOLDINGS (SINGAPORE) LTD
Announcement is submitted by *	Lim Tiong Beng
Designation *	Company Secretary
Date & Time of Broadcast	13-Dec-2010 17:59:28
Announcement No.	00082

## &gt;&gt; ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	DESPATCH OF CIRCULAR AND EXIT OFFER LETTER
Description	Please see attached.
Attachments	<ul style="list-style-type: none"> <li> <a href="#">IDTS_DespatchOfCircularAndExitOfferLetter.pdf</a></li> <li> <a href="#">IDTS_DelistingCircular13Dec2010.pdf</a></li> <li> <a href="#">IDTS_ExitOfferLetter13Dec2010.pdf</a></li> </ul> <p>Total size = <b>1315K</b> (2048K size limit recommended)</p>

**IDT INTERNATIONAL  
HOLDINGS (BVI) LIMITED**

(Incorporated in the British Virgin Islands)  
Company Registration No. 176224

**IDT HOLDINGS  
(SINGAPORE) LIMITED**

(Incorporated in Singapore)  
Company Registration No. 199600219E

a wholly-owned subsidiary of



**IDT INTERNATIONAL LIMITED**

(Incorporated in Bermuda)

**JOINT ANNOUNCEMENT**

**DESPATCH OF CIRCULAR AND EXIT OFFER LETTER**

**1. INTRODUCTION**

- 1.1 Despatch of Circular and Exit Offer Letter.** The Board of Directors of IDT Holdings (Singapore) Limited (the “**Company**”) and IDT International Holdings (BVI) Limited (the “**Offeror**”) wish to announce that the circular to shareholders of the Company (“**Shareholders**”) dated 13 December 2010 (the “**Circular**”) which contains, *inter alia*, details of the proposed voluntary delisting of the Company (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) pursuant to Rules 1307 and 1309 of the Listing Manual of the SGX-ST, and the exit offer letter dated 13 December 2010 (the “**Exit Offer Letter**”), which contains the terms of the exit offer (the “**Exit Offer**”) by the Offeror, for all the issued ordinary shares (“**Shares**”) in the capital of the Company, other than those held by the Offeror, its related corporations and their respective nominees, have today been despatched to Shareholders by the Company and the Offeror respectively.

Copies of the Circular and the Exit Offer Letter are available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**2. EXIT OFFER**

- 2.1 Form(s) of Acceptance.** Included with the Exit Offer Letter are the following documents:

- (a) (in the case of the Exit Offer Letter sent to a Shareholder whose securities account with The Central Depository (Pte) Limited (“**CDP**”) is credited with Shares (“**Depositors**”), a Form of Acceptance and Authorisation (“**FAA**”); and
- (b) (in the case of the Exit Offer Letter sent to a Shareholder who holds Shares which are not deposited with CDP (“**in scrip form**”), a Form of Acceptance and Transfer (“**FAT**”).

**2.2 Request for Documents**

- (a) **Request for Documents.** If you are a Shareholder and do not receive the Circular, the Exit Offer Letter and/or the relevant form(s) of acceptance within a week of the

date of this Announcement, please contact Intertrust Singapore Corporate Services Pte. Ltd. (the “**Registrar**”) or CDP immediately at the following addresses:

**If you hold Shares in scrip form, please contact:**

**Intertrust Singapore Corporate Services Pte. Ltd.  
3 Anson Road  
#27-01, Springleaf Tower  
Singapore 079909  
Tel No.: (65) 6532 3488**

**If you are a Depositor, please contact:**

**The Central Depository (Pte) Limited  
4 Shenton Way  
#02-01 SGX Centre 2  
Singapore 068807  
Tel No.: (65) 6535 7511**

- (b) **Scripolders.** If you are a Shareholder and you hold Shares in scrip form, you may obtain the FAT from the Registrar on production of satisfactory evidence to this effect.
- (c) **Depositors.** If you are a Depositor and your securities account with CDP is or will be credited with Shares, you may obtain the FAA from CDP on production of satisfactory evidence to this effect.
- (d) **Overseas Shareholders.** The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register of Members of the Company, may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Shareholder not resident in Singapore should inform himself about and observe any applicable requirements in his own jurisdiction.

Where there are potential restrictions on sending the Exit Offer Letter, the Circular and the relevant form(s) of acceptance to any overseas jurisdiction, the Company and the Offeror each reserves the right not to send such documents to the relevant overseas jurisdictions. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders including those to whom the Exit Offer Letter, the Circular and the relevant form(s) of acceptance will not be sent.

- 2.3 Procedures for Acceptance.** The procedures for acceptance of the Exit Offer are set out in the Exit Offer Letter and in the FAA and the FAT.

### **3. CLOSING DATE**

**The Exit Offer will be open for acceptance until 5.30 p.m. on 26 January 2011 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

### **4. RESPONSIBILITY STATEMENTS**

- 4.1 The Company.** The directors of the Company (including any director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to the Offeror and/or IDT International Limited (“**IDT International**”)) are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information in this Announcement has been extracted from published or publicly available sources (including, without limitation, in relation to the Offeror and/or IDT International), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

**4.2 The Offeror and IDT International.** The respective directors of the Offeror and IDT International (including any director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to the Company) are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information in this Announcement has been extracted from published or publicly available sources (including, without limitation, in relation to the Company and its subsidiaries and associated companies), the sole responsibility of the respective directors of the Offeror and IDT International has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD  
**IDT INTERNATIONAL HOLDINGS (BVI)  
LIMITED**

**Barry John Buttifant**  
Director  
Singapore, 13 December 2010

BY ORDER OF THE BOARD  
**IDT HOLDINGS (SINGAPORE) LIMITED**

**Dr Raymond Chan**  
Chairman & Chief Executive Officer  
Singapore, 13 December 2010

**CIRCULAR DATED 13 DECEMBER 2010**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

If you have sold or transferred all of your shares in the capital of IDT Holdings (Singapore) Limited (the "**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular, the Exit Offer Letter and the Acceptance Form(s) (all as herein defined) shall not be construed as, and may not be used for the purposes of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.



**IDT HOLDINGS (SINGAPORE) LIMITED**

(Incorporated in Singapore)  
Company Registration No. 199600219E

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**PROPOSED VOLUNTARY DELISTING OF  
IDT HOLDINGS (SINGAPORE) LIMITED PURSUANT TO  
RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL**

Financial Adviser to the Company in relation to the Proposed Voluntary Delisting



**CIMB Bank Berhad** (13491-P)  
Singapore Branch  
(Incorporated in Malaysia)

*Independent Financial Adviser to the Independent Directors of the Company*



**Ernst & Young Corporate Finance Pte. Ltd.**

(Incorporated in Singapore)  
Company Registration No. 199702967E

**IMPORTANT DATES AND TIMES**

- Last date and time for lodgement of proxy form : 10 January 2011 at 2.30 p.m.
- Date and time of Extraordinary General Meeting : 12 January 2011 at 2.30 p.m.
- Place of Extraordinary General Meeting : Meeting Room 310, Level 3  
Suntec Singapore International Convention  
& Exhibition Centre, 1 Raffles Boulevard  
Suntec City, Singapore 039593

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

<b>“1H 2010”</b>	:	The six months ended or ending (as the case may be) on 30 September 2009
<b>“1H 2011”</b>	:	The six months ended or ending (as the case may be) on 30 September 2010
<b>“1Q 2011”</b>	:	The three months ended or ending (as the case may be) on 30 June 2010
<b>“Acceptance Form(s)”</b>	:	FAA and/or FAT, as the case may be
<b>“Announcement”</b>	:	The joint announcement dated 5 October 2010 made by the Offeror and the Company in relation to the proposed Delisting
<b>“Announcement Date”</b>	:	5 October 2010, being the date of the Announcement
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CIMB”</b>	:	CIMB Bank Berhad, Singapore Branch
<b>“Circular”</b>	:	This circular to Shareholders issued by the Company in relation to the proposed Delisting
<b>“Closing Date”</b>	:	5.30 p.m. on 26 January 2011, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for lodgement of acceptances of the Exit Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Company”</b>	:	IDT Holdings (Singapore) Limited
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Concert Parties”</b>	:	Parties acting or deemed to be acting in concert with the Offeror in connection with the Exit Offer
<b>“Delisting”</b>	:	The voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
<b>“Delisting Proposal”</b>	:	The proposal from the Offeror dated 5 October 2010 to the Company to seek the Delisting
<b>“Delisting Resolution”</b>	:	The resolution to be proposed at the EGM to approve the Delisting
<b>“Deloitte &amp; Touche”</b>	:	Deloitte & Touche LLP, the independent auditors of the Company in relation to the Unaudited Consolidated Financial Statements of the Group for 1H 2011
<b>“Directors”</b>	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date

<b>“EGM”</b>	:	Extraordinary general meeting of the Company to be held on 12 January 2011, notice of which is set out on page 84 of this Circular
<b>“Exit Offer”</b>	:	The delisting exit offer to be made (subject to approval of the Delisting Resolution by Shareholders) by the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions of the Exit Offer Letter (including the relevant Acceptance Form(s))
<b>“Exit Offer Letter”</b>	:	The letter dated 13 December 2010 setting out the terms and conditions of the Exit Offer (including the relevant Acceptance Form(s)), which will be despatched by the Offeror, to Shareholders on the same date as this Circular
<b>“Exit Offer Price”</b>	:	S\$0.54 in cash for each Offer Share accepted under the Exit Offer
<b>“EYCF”</b>	:	Ernst & Young Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors
<b>“FAA”</b>	:	Form of Acceptance and Authorisation
<b>“FAT”</b>	:	Form of Acceptance and Transfer
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) on 31 March
<b>“Group”</b>	:	Company and its subsidiaries
<b>“IDT International”</b>	:	IDT International Limited
<b>“Independent Directors”</b>	:	The Directors who are considered independent for the purposes of making the recommendation(s) to Shareholders in relation to the Delisting and the Exit Offer, namely, Albert Wang, Liu Tieh Ching Brandon and Li Kwan In
<b>“Latest Practicable Date”</b>	:	6 December 2010, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The SGX-ST Listing Manual
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“NTA”</b>	:	Net tangible assets
<b>“Offer Shares”</b>	:	All the Shares, other than those held by the Offeror, its related corporations and their respective nominees, as more particularly defined in Section 4.2 of this Circular
<b>“Offeror”</b>	:	IDT International Holdings (BVI) Limited
<b>“Register”</b>	:	The register of holders of the Shares, as maintained by the Registrar
<b>“Registrar”</b>	:	Intertrust Singapore Corporate Services Pte. Ltd.
<b>“Securities Account”</b>	:	Securities account maintained by a depositor with CDP, but does not include a securities sub-account
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited

“ <b>SIC</b> ”	:	Securities Industry Council of Singapore
“ <b>Shareholders</b> ”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“ <b>Shares</b> ”	:	Issued and fully paid ordinary shares in the capital of the Company
“ <b>VWAP</b> ”	:	Volume-weighted average price
“%” or “ <b>per cent.</b> ”	:	Percentage or per centum
“ <b>HK\$</b> ” and “ <b>HK cents</b> ”	:	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“ <b>S\$</b> ” and “ <b>Singapore cents</b> ”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“ <b>US\$</b> ” and “ <b>US cents</b> ”	:	US dollars and cents, respectively, being the lawful currency of the United States of America

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings given to them respectively in Section 130A of the Companies Act.

The term “**related corporation**” shall have the meaning ascribed to it in Section 6 of the Companies Act.

The terms “**acting in concert**” and “**associates**” shall have the same meanings ascribed to them in the Code.

The term “**controlling shareholder**” shall have the meaning ascribed to it in the Listing Manual.

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.

References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Code or the Listing Manual (or any modification thereof) and used in this Circular shall have the meaning assigned to it under the Companies Act, the Code or the Listing Manual (or any modification thereof), as the case may be, unless the context otherwise requires.

Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any differences between the amounts and the totals thereof are due to rounding, accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

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”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s or, as the case may be, the Offeror’s and/or IDT International’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in the 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 and investors should not place undue reliance on such forward-looking statements, and neither the Company, the Offeror,

IDT International nor EYCF undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

The last date and time for lodgement of your proxy form for the EGM	:	10 January 2011 at 2.30 p.m.
Date and time of the EGM	:	12 January 2011 at 2.30 p.m.
Expected commencement date of the Exit Offer	:	13 December 2010
Expected Closing Date of the Exit Offer	:	26 January 2011
Expected date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Not later than 10 days after the later of (i) the date on which the Delisting Resolution is approved at the EGM; or (ii) the date of receipt of valid acceptances of the Exit Offer
Expected date for the delisting of the Shares from the SGX-ST	:	10 February 2011

**Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as “expected”, please refer to future announcement(s) by or on behalf of the Company via SGXNET for the exact dates and times of such events.**



## IDT HOLDINGS (SINGAPORE) LIMITED

(Incorporated in Singapore)  
Company Registration No. 199600219E

### Directors:

Raymond Chan  
Chan Pau Shiu Yeng Shirley  
Albert Wang  
Liu Tieh Ching Brandon  
Li Kwan In

### Registered Office:

3 Anson Road  
#27-01  
Springleaf Tower  
Singapore 079909

13 December 2010

To: The Shareholders of IDT Holdings (Singapore) Limited

Dear Sir/Madam

### PROPOSED VOLUNTARY DELISTING OF IDT HOLDINGS (SINGAPORE) LIMITED

#### 1. INTRODUCTION

- 1.1 On 5 October 2010, the Offeror and the Company jointly announced that the Company had received the Delisting Proposal from the Offeror to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. A copy of the Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).
- 1.2 Under the terms of the Delisting Proposal, the Offeror will make the Exit Offer to acquire each Offer Share at the Exit Offer Price of S\$0.54 in cash.
- 1.3 Having reviewed the Delisting Proposal, the Directors have resolved to convene the EGM to seek the approval of Shareholders in a general meeting for the Delisting Proposal and to apply to the SGX-ST for the voluntary delisting of the Company.
- 1.4 Having reviewed the Delisting Proposal (including the Exit Offer) and having carefully considered the advice of EYCF in its letter set out in **Appendix 1** to this Circular, the Independent Directors have made a recommendation to Shareholders, which is set out in Section 15 of this Circular.
- 1.5 The purpose of this Circular is to provide Shareholders with relevant information relating to the Delisting, the Exit Offer and the Delisting Resolution to be proposed at the EGM, notice of which is set out on page 84 of this Circular.

#### 2. THE DELISTING RESOLUTION

The Company had on 10 November 2010 made an application to the SGX-ST to delist the Company from the Official List of the SGX-ST. The SGX-ST has advised in its letter dated 30 November 2010 that it does not have any objection to the delisting of the Company subject to the approval of Shareholders for the Delisting Resolution. However, this is not to be taken as an indication of the merits of the Delisting Proposal.

The Delisting Resolution, if approved by Shareholders at the EGM in accordance with Rule 1307 of the Listing Manual, will result in the delisting of the Company from the Official List of the SGX-ST.

Shareholders should note that under Rule 1307(2) of the Listing Manual, all Shareholders, including the Directors and controlling Shareholders (the "**Controlling Shareholders**") are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86 per cent. of the total number of Shares. The Offeror intends to vote in favour of the Delisting Resolution at the EGM in respect of all its Shares.

### 3. RATIONALE FOR THE DELISTING AND THE OFFEROR AND IDT INTERNATIONAL'S INTENTIONS

- 3.1 **Realisation of Investments for Cash at a Significant Upfront Premium.** The Exit Offer presents Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium. Please refer to Section 5 of this Circular for more details on the financial aspects of the Exit Offer.
- 3.2 **Compliance Costs of Maintaining Listing.** In maintaining its listing status, the Company incurs compliance and associated costs. The Delisting would allow the Company to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.
- 3.3 **Low Free Float and Low Trading Liquidity of Shares.** As at the Latest Practicable Date, the Offeror owns 136,736,874 Shares representing approximately 77.86 per cent. of the total number of Shares. This implies a free float of no greater than 22.14 per cent. As stated below, it is unlikely that the Company will raise equity capital in the foreseeable future and it is therefore unlikely that the free float will increase through new share issuance.

The trading liquidity of the Shares has also been low. The Offeror had on 12 August 2010 and 28 September 2010 acquired 10,130,000 Shares and 1,008,000 Shares respectively by way of married trades. On the basis that such married trades were excluded, the average daily trading volume of over the 12-month period immediately preceding the Announcement Date, was approximately 61,904 Shares representing approximately 0.2 per cent. of the total free float of Shares.

- 3.4 **No Necessity to Access Capital Markets.** The Company has not raised funds through the SGX-ST since January 1999 and is unlikely to require access to the capital markets to finance its operations in the foreseeable future.
- 3.5 **The Offeror and IDT International's Intentions for the Company.** The increased shareholding of the Offeror in the Company following the Delisting would provide IDT International with greater operational flexibility in managing its business activities in the region. The Offeror and IDT International currently have no intention to (i) propose any major changes to the businesses of the Company; (ii) redeploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Group.

Following the close of the Exit Offer, the Offeror and IDT International will undertake a comprehensive review of the design and manufacturing businesses of the Group. This will assist the Offeror and IDT International in determining the optimal business strategy for the Group.

### 4. THE EXIT OFFER

Subject to the approval of the Delisting Resolution by Shareholders, the Offeror will make the Exit Offer to acquire all the Offer Shares on the terms and subject to the conditions set out in this Circular, the Exit Offer Letter and the Acceptance Form(s) and on the following basis:

- 4.1 The consideration for the Exit Offer will be:

**For each Offer Share: S\$0.54 in cash**

Shareholders may accept the Exit Offer in respect of all or part of their holdings of Offer Shares.

- 4.2 The Exit Offer will be extended to any Shares owned, controlled or agreed to be acquired by Concert Parties. For the purposes of the Exit Offer, the expression "**Offer Shares**" shall include such Shares.

- 4.3 The Offer Shares will be acquired fully paid, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever (“**Encumbrances**”) and together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date (“**Rights**”).
- 4.4 The Delisting and the Exit Offer will be conditional upon approval of the Delisting Resolution by a majority of at least 75 per cent. of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM, and the Delisting Resolution not being voted against by 10 per cent. or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM. **The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror. The approval of the Delisting Resolution at the EGM does not mean that Shareholders have accepted the Exit Offer. Shareholders should refer to Section 9 of this Circular for the action to be taken in respect of the Exit Offer.**
- 4.5 Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted, is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all Rights.
- 4.6 The Exit Offer is open for acceptance from the date of despatch of the Exit Offer Letter and will continue to be open for acceptance by Shareholders for a period of at least 14 days after the date of announcement of Shareholders’ approval of the Delisting Resolution.

As stated in the Exit Offer Letter, the Closing Date of the Exit Offer is 5.30 p.m. on 26 January 2011 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Although no extension of the Exit Offer is currently contemplated, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Shares in acceptance of the Exit Offer.

## 5. FINANCIAL ASPECTS OF THE EXIT OFFER

- 5.1 The Exit Offer Price of S\$0.54 represents:
- (a) a premium of approximately 14.9 per cent. to the last transacted price of S\$0.47 for each Share on the SGX-ST on 4 October 2010, being the last Market Day the Shares were traded prior to the Announcement Date;
  - (b) a premium of approximately 19.0 per cent. to the VWAP of approximately S\$0.45 for each Share on the SGX-ST for the one-month period preceding the Announcement Date;
  - (c) a premium of approximately 15.2 per cent. to the VWAP of approximately S\$0.47 for each Share on the SGX-ST for the three-month period preceding the Announcement Date; and
  - (d) a premium of approximately 17.1 per cent. to the VWAP of approximately S\$0.46 for each Share on the SGX-ST for the 12-month period preceding the Announcement Date.
- 5.2 In addition, Shareholders should note that on 12 August 2010 (the “**Married Trade Date**”), the Offeror acquired 10,130,000 Shares by way of a married trade for a consideration of S\$0.4792 per Share. For illustration purposes, we set out below the premium of the Exit Offer Price to transacted prices in the respective periods prior to the Married Trade Date.

The Exit Offer Price of S\$0.54 represents:

- (a) a premium of approximately 61.2 per cent. to the last transacted price of S\$0.34 for each Share on the SGX-ST on 11 August 2010, being the last market day the Shares were traded prior to the Married Trade Date;

- (b) premium of approximately 43.3 per cent. to the VWAP of approximately S\$0.38 for each Share on the SGX-ST for the one-month period preceding the Married Trade Date;
- (c) a premium of approximately 46.7 per cent. to the VWAP of approximately S\$0.37 for each Share on the SGX-ST for the three-month period preceding the Married Trade Date; and
- (d) a premium of approximately 18.3 per cent. to the VWAP of approximately S\$0.46 for each Share on the SGX-ST for the twelve-month period preceding the Married Trade Date.

5.3 The audited consolidated NTA of the Group as at 31 March 2010 amounts to approximately HK\$655.2 million, or HK\$3.73 per Share. The unaudited consolidated NTA of the Group as at 30 September 2010 amounts to approximately HK\$662.4 million, or HK\$3.77 per Share. As at the Latest Practicable Date, there has been no material change in the unaudited consolidated NTA of the Group since 30 September 2010. The Exit Offer Price of approximately HK\$3.20 (based on the Exit Offer Price of S\$0.54 and an exchange rate of S\$1:HK\$5.9261 as at 5 October 2010) represents a discount of (i) approximately 14.2 per cent. to the audited consolidated NTA of the Group as at 31 March 2010; and (ii) approximately 15.1 per cent. to the unaudited consolidated NTA per Share as at 30 September 2010. As the Group recorded a net loss in FY2010, the premium of the Exit Offer Price to earnings per Share of the Group is not meaningful.

## 6. CONFIRMATION OF FINANCIAL RESOURCES

CIMB, as the financial adviser to the Company, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Exit Offer.

## 7. INFORMATION ON THE OFFEROR AND IDT INTERNATIONAL

7.1 The Offeror, a wholly-owned direct subsidiary of IDT International, was incorporated in the British Virgin Islands in 1996 and is an investment holding company. As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86 per cent. of the total Shares.

7.2 IDT International was incorporated in Bermuda in 1990 and is listed on The Stock Exchange of Hong Kong Limited. IDT International is a leader in the design, development, manufacturing, marketing and distribution of lifestyle consumer electronic products in the categories of LCD consumer electronics, electronic learning and telecommunications.

7.3 Additional information on the Offeror and IDT International are set out in **Appendix 3** and **Appendix 4** to this Circular respectively.

## 8. INFORMATION ON THE COMPANY

The Company, which is an investment holding company, is listed on the Mainboard of the SGX-ST and is part of the IDT group of companies which are engaged in the manufacturing, sales and trading of LCD consumer electronic products. Additional information on the Company, including a summary of the Group's financial performance for FY2008, FY2009, FY2010, 1H2010 and 1H 2011 is set out in **Appendix 2** to this Circular.

## 9. ACTION TO BE TAKEN IN RESPECT OF THE EXIT OFFER

9.1 The Exit Offer Letter and the relevant Acceptance Form(s) have been despatched to Shareholders by ordinary post together with this Circular.

9.2 **To accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form(s) in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form(s). Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix 1 to the Exit Offer Letter.**

**Shareholders should note that if the Delisting Resolution is not approved at the EGM, the condition to the Exit Offer will not be fulfilled. In such an event, those Offer Shares in respect of which acceptances have been received shall be returned to the relevant Shareholders in accordance with the procedures set out in the Acceptance Form(s).**

- 9.3 If you do not wish to accept the Exit Offer, you do not need to take any action. Following the delisting of the Company, you will continue to hold Shares in the Company which will then be an unlisted company. However, it is likely to be difficult for you to sell your Shares in the absence of a public market for such Shares. Section 11 of this Circular sets out further details in the event that a Shareholder chooses not to accept the Exit Offer.
- 9.4 Shareholders (including Shareholders whose addresses are outside Singapore, as shown on the Register (each, an “**Overseas Shareholder**”)) may obtain copies of this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any related documents, during normal business hours up to the Closing Date from Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 or The Central Depository (Pte) Limited at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write to IDT International Holdings (BVI) Limited c/o Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, to request for this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

## **10. OVERSEAS SHAREHOLDERS**

- 10.1 The availability of the Exit Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable requirements in their own jurisdictions.

Where there are potential restrictions on sending this Circular, the Exit Offer Letter and the relevant Acceptance Form(s) to any overseas jurisdiction, the Company and the Offeror each reserves the right not to send such documents to the relevant overseas jurisdictions. For the avoidance of doubt, the Exit Offer is made to all Shareholders including those to whom this Circular, the Exit Offer Letter and the relevant Acceptance Form(s) have not been, or will not be, sent.

- 10.2 It is the responsibility of any Overseas Shareholder who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction.

Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf may be required to pay. In accepting the Exit Offer, each Overseas Shareholder represents and warrants to the Offeror that he is in full compliance with all necessary formalities or legal requirements. Overseas Shareholders who are in doubt about their position should consult their professional advisers in the relevant jurisdiction.

- 10.3 The Company and the Offeror each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Overseas Shareholder to receive or see such announcement or advertisement.

## 11. IMPLICATIONS OF DELISTING FOR SHAREHOLDERS AND COMPULSORY ACQUISITION

- 11.1 Shareholders should note that if the Delisting Resolution is approved at the EGM in accordance with the requirements of the Listing Manual (as described in Section 12 of this Circular), the Company will be delisted from the Official List of the SGX-ST. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.
- 11.2 Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. If the Company is delisted, even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the Exit Offer Price.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular, the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Memorandum and Articles of Association and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act, which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and who does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The share certificate will be sent, by ordinary post and at the Shareholder's own risk, to the Shareholder's address as it appears in the records of CDP after the Company has been delisted from the Official List of the SGX-ST.

The Registrar will arrange to forward the share certificates to such Shareholders, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. If a Shareholder wishes to split his share certificate into other denominations, he will be required to pay for each additional share certificate so required, a fee of S\$2.00 (exclusive of goods and services tax). **Shareholders who are in doubt of their position should seek independent legal advice.**

- 11.3 Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Exit Offer of not less than 90 per cent. of the Offer Shares, the Offeror will have the right to compulsorily acquire, at the Exit Offer Price, all the Offer Shares of Shareholders who have not accepted the Exit Offer. The Offeror intends to exercise such right of compulsory acquisition if it becomes entitled to do so. In such event, the Company will become a wholly-owned subsidiary of the Offeror.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, comprise 90 per cent. or more of the Shares, Shareholders who have not accepted the Exit Offer have the right to require the Offeror to acquire their Shares at the Exit Offer Price.

**Shareholders who are entitled and intend to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent advice.**

In the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Shareholders are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price under Section 215(3) of the Companies Act, the Company will be delisted, and Shareholders who do not accept the Exit Offer will continue to hold Shares in an unlisted company.

## 12. LISTING MANUAL AND CODE REQUIREMENTS

12.1 Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an extraordinary general meeting to obtain Shareholders' approval for the Delisting;
- (b) the Delisting Resolution is approved by a majority of at least 75 per cent. of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM (the Directors and Controlling Shareholders need not abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by 10 per cent. or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

12.2 In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

- (a) a reasonable exit alternative, which should normally be in cash, should be offered to Shareholders and holders of any other classes of listed securities to be delisted; and
- (b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

12.3 An application was made to the SIC to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer. The SIC ruled on 24 September 2010 that the Exit Offer is exempted from compliance with the following provisions of the Code:

- (a) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
- (b) Rule 22 on the offer timetable;
- (c) Rule 28 on acceptances; and
- (d) Rule 29 on the right of acceptors to withdraw their acceptances,

subject to the following conditions:

- (i) disclosure in this Circular of (1) the consolidated NTA per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of this Circular (the "**Consolidated Group NTA per Share**"), and (2) particulars of all known material changes as of the Latest Practicable Date which may affect the Consolidated Group NTA per Share or a statement that there are no such known material changes; and
- (ii) the Exit Offer being kept open for at least (1) 21 days after the despatch of the Exit Offer Letter, if the Exit Offer Letter is despatched after Shareholders' approval for the Delisting has been obtained, or (2) 14 days after the announcement of Shareholders' approval of the Delisting if the Exit Offer Letter is despatched together with this Circular.

## 13. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION

13.1 The SIC has ruled on 24 September 2010 that each of the following Directors, namely Dr Raymond Chan and Mrs Chan Pau Shiu Yeng Shirley, are exempted from the requirement to make a recommendation on the Exit Offer to Shareholders as they face conflicts of interest as parties acting in concert with the Offeror and IDT International, for the reasons set out below:

- (a) Dr Raymond Chan is a director of the Company, the Offeror and IDT International; and

- (b) Mrs Chan Pau Shiu Yeng Shirley is a director of the Company, the Offeror and IDT International.

However, each of Dr Raymond Chan and Mrs Chan Pau Shiu Yeng Shirley will still assume responsibility for the accuracy of the facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company to Shareholders in connection with the Exit Offer.

#### 14. ADVICE OF EYCF TO THE INDEPENDENT DIRECTORS

14.1 EYCF has been appointed by the Independent Directors as the independent financial adviser in relation to the Exit Offer. The letter from EYCF setting out its advice to the Independent Directors is set out in **Appendix 1** to this Circular. Shareholders are advised to read and consider the recommendation of EYCF made therein in its entirety.

14.2 The recommendation of EYCF to the Independent Directors is summarised in italics below:

*"In arriving at our advice on the Exit Offer, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Exit Offer and Delisting Proposal. The factors we have considered in our evaluation, which are based on representations made by the Company, its Directors and its senior management, discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:*

- (a) *the rationale for the Delisting Proposal;*
- (b) *the market price of the Shares has traded between a low of S\$0.18 and a high of S\$0.50 over the last two years prior to the Announcement Date;*
- (c) *the Exit Offer Price representing premiums of approximately 45.95%, 22.73%, 22.73%, 20.00%, and 17.39% over the VWAPs of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date, respectively;*
- (d) *the Exit Offer Price representing a premium of approximately 14.89% over the last transacted price of the Shares prior to the Announcement Date;*
- (e) *the Exit Offer Price representing a premium of 1.89% to the VWAP of the Shares of S\$0.53 for the period from the Announcement Date to the Latest Practicable Date; and*
- (f) *the Exit Offer Price representing a premium of 1.89% over the last transacted price of the Shares of S\$0.53 as at the Latest Practicable Date, possibly reflecting the fact that the market price of the Shares have been supported by the Exit Offer since the Announcement Date;*
- (g) *the low average daily traded volume of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date representing approximately 0.21%, 0.14%, 0.13%, 0.10% and 0.05% of the free float of the Shares, respectively;*
- (h) *the fact that over the last two years prior to the Announcement Date up to the Announcement Date, the Shares were traded on 289 Market Days out of the total 502 Market Days or on approximately 57.57% of the total number of Market Days during the period and had a thin average daily trading volume of only 80,141 or 0.21% of the free float of the Shares;*
- (i) *the low average daily traded volume of the Shares on the Market Day prior to the Announcement Date representing approximately 0.04% of the free float of the Shares;*
- (j) *the relatively higher average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date of approximately 0.58% of the free float of the Shares;*

- (k) *the relatively higher average daily traded volume of the Shares on the Latest Practicable Date of approximately 0.20% of the free float of the Shares;*
- (l) *the Shares had not traded above or at the same market price level as the Exit Offer Price and there is no assurance that the current market price and trading volume of the Shares will be maintained at similar levels if the Delisting Resolution is not passed;*
- (m) *the Price/NTA ratio of the Company implied by the Exit Offer Price of 0.85 times being within the range of the Price/NTA ratios of the Comparable Companies, and being below the average (excluding outlier) and the median Price/NTA ratios of the Comparable Companies;*
- (n) *the Price/Net Current Assets ratio of the Company implied by the Exit Offer Price of 0.92 times being within the range of the Price/Net Current Assets ratios of the Comparable Companies, and being below the average (excluding outlier) and the median Price/Net Current Assets ratios of the Comparable Companies;*
- (o) *the Price/Earnings ratio of the Company implied by the Exit Offer Price is not meaningful given that the Company had incurred net losses of approximately HK\$62.38 million for the 12-month period ended 30 September 2010;*
- (p) *the EV/EBITDA ratio of the Company implied by the Exit Offer Price of 3.08 times being within the range of the EV/EBITDA ratios of the Comparable Companies, and being below the average (excluding outlier) and median EV/EBITDA ratios of the Comparable Companies;*
- (q) *the premium implied in the Exit Offer Price for the last transacted price which the Shares were traded prior to the Announcement Date of approximately 14.9% being within the range of and below the average and median premiums of the Comparable Transactions;*
- (r) *the premiums implied in the Exit Offer Price for the 1-month and 3-month VWAP which the Shares were traded prior to the Announcement Date of approximately 17.4% and 20.0% respectively being within the range of the premiums of the Comparable Transactions and below the average and median premiums of the Comparable Transactions; and*
- (s) *other relevant considerations in relation to the Exit Offer such as:*
  - (i) *control of the Company;*
  - (ii) *the implications of Delisting and compulsory acquisition;*
  - (iii) *the Offeror's intentions for the Company;*
  - (iv) *evaluation of the Exit Offer Price in view of the discount to the NTA per Share; and*
  - (v) *the absence of alternative offer from third parties.*

***Based on the analysis undertaken and after having considered carefully the information available to us, we are of the view that the financial terms of the Exit Offer are reasonable under the market, economic and other relevant conditions prevailing as at the Latest Practicable Date. Accordingly, we advise the Independent Directors to recommend that Shareholders VOTE IN FAVOUR of the Delisting Resolution and ACCEPT THE EXIT OFFER in the event the Delisting Resolution is passed and Shareholders do not intend and are not prepared to hold shares in an unlisted company.***

***We wish to highlight to the Shareholders that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution will be passed at the EGM given that the Offeror owns or controls 77.86% of the total number of Shares as at the Latest Practicable Date.***

***We also wish to highlight that in the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Shareholders who do not accept the Exit Offer are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price, the Company will be delisted, and Shareholders who do not accept the Exit Offer will continue to hold Shares in an unlisted company.***

*Shareholders may wish to sell their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price net of related expenses (such as brokerage and trading costs).*

*The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. Our advice on the Exit Offer cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Shares as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Exit Offer.*

*In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.”*

#### **15. INDEPENDENT DIRECTORS' RECOMMENDATION**

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of EYCF contained in the letter from EYCF to the Independent Directors as reproduced in **Appendix 1** to this Circular in its entirety. The Independent Directors also draw the attention of the Shareholders to Section 11 of this Circular entitled “Implications of Delisting for Shareholders and Compulsory Acquisition”.

In reaching the recommendation set out below, the Independent Directors have considered carefully, amongst other things, the terms of the Delisting Proposal including the Exit Offer and the advice given by EYCF.

**Having taken the above matters into consideration, the Independent Directors concur with the advice of EYCF in respect of the Exit Offer, and accordingly recommend that Shareholders VOTE IN FAVOUR of the Delisting Resolution. In relation to the Exit Offer, and in the event that the Delisting Resolution is passed at the EGM and Shareholders do not intend and are not prepared to hold shares in an unlisted company, the Independent Directors recommend that Shareholders ACCEPT THE EXIT OFFER.**

Shareholders should note that unless the Delisting Resolution is voted against by 10 per cent. or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM, the Delisting Resolution is likely to be passed at the EGM given the voting intentions of the Offeror. In the event the Company is delisted, Shareholders who do not accept the Exit Offer will continue to hold unlisted Shares with no ready market.

In the event the Delisting Resolution is passed, Shareholders who wish to dispose their Shares in the near term and/or who are not prepared to accept the consequences of holding unlisted Shares, should either accept the Exit Offer or sell their Shares in the open market if they can obtain a price (after deducting all related expenses) better than the Exit Offer Price.

Shareholders should be aware that there is no assurance that the market price and trading volume of the Shares prevailing as at the Latest Practicable Date will be maintained at such levels in the event the Delisting Resolution is not passed and the Exit Offer lapses.

In rendering the above recommendation, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

#### **16. EXTRAORDINARY GENERAL MEETING**

The EGM, notice (the “**Notice**”) of which is set out on page 84 of this Circular, will be held at Meeting Room 310, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 January 2011, at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Ordinary Resolution set out in the Notice.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 48 hours before the EGM.

#### **17. ACTION TO BE TAKEN BY SHAREHOLDERS IN RESPECT OF THE EGM**

**Shareholders will find enclosed with this Circular, the Notice and a proxy form. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 not later than 2.30 p.m. on 10 January 2011. Completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy.**

#### **18. FINANCIAL ADVISER’S RESPONSIBILITY STATEMENT**

CIMB, as the financial adviser to the Company in relation to the Delisting, acknowledges that, based on the information provided by the Offeror and the Company, and after making all reasonable enquiries and to the best of its knowledge and belief, the facts stated and opinions expressed in this Circular (save for the recommendations of the Independent Directors as set out in Section 15 of this Circular and the letter from EYCF to the Independent Directors as set out in **Appendix 1** to this Circular) are fair and accurate and that, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. Where information in this Circular (other than the recommendations of the Independent Directors as set out in Section 15 of this Circular and the letter from EYCF to the Independent Directors as set out in **Appendix 1** to this Circular) has been extracted from published or otherwise publicly available sources, the sole responsibility of CIMB has been to ensure that such information has been accurately extracted and reflected in this Circular.

#### **19. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular which relate solely to the Group (other than those relating to EYCF, the Offeror and IDT International and in **Appendices 1, 3 and 4** to this Circular for which EYCF, the Offeror and IDT International have taken responsibility respectively) are fair and accurate and that no material facts which relate solely to the Group have been omitted which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

The recommendation of the Independent Directors to Shareholders set out in Section 15 of this Circular is the sole responsibility of the Independent Directors.

In respect of the information in **Appendices 1, 3 and 4** to this Circular, the sole responsibility of the Directors has been to ensure that, having taken all reasonable care, the facts stated with respect to the Group are fair and accurate in all material respects.

Where any information in this Circular (other than that relating to EYCF, the Offeror and IDT International and in **Appendices 1, 3 and 4** to this Circular) has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

**20. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information as set out in the Appendices to this Circular.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**IDT Holdings (Singapore) Limited**

**Dr Raymond Chan**  
Chairman & Chief Executive Officer

## LETTER FROM EYCF TO THE INDEPENDENT DIRECTORS

13 December 2010

**The Independent Directors of  
IDT Holdings (Singapore) Limited**

3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

Dear Sirs:

**PROPOSED VOLUNTARY DELISTING OF IDT HOLDINGS (SINGAPORE) LIMITED (“IDT” OR THE “COMPANY”) PURSUANT TO RULES 1307 AND 1309 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL (THE “LISTING MANUAL”) (THE “DELISTING”)**

### 1 INTRODUCTION

On 5 October 2010 (the “**Announcement Date**”), IDT International Holdings (BVI) Limited (the “**Offeror**”) and the Company jointly announced that the Company had received the proposal from the Offeror dated 5 October 2010 (the “**Delisting Proposal**”) to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Under the terms of the Delisting Proposal, the Offeror will make the delisting exit offer (the “**Exit Offer**”) to acquire all the shares of the Company in issue (the “**Shares**”) other than those held by the Offeror, its related corporations and their respective nominees, (the “**Offer Shares**”) on the terms and subject to the conditions of the letter dated 13 December 2010 (the “**Exit Offer Letter**”) which will be despatched by the Offeror, to the Shareholders on the same date as the circular (the “**Circular**”) (including the relevant Exit Offer Form of Acceptance and Authorisation (“**FAA**”) and/or Exit Offer Form of Acceptance and Transfer (“**FAT**” and together with the FAA, the “**Acceptances Forms**”), at S\$0.54 in cash for each Offer Share (the “**Exit Offer Price**”).

Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed as the independent financial adviser to the directors of the Company (the “**Directors**”) who are considered independent in relation to the Exit Offer (the “**Independent Directors**”), for the purpose of advising on the Exit Offer.

This letter sets out, *inter alia*, our evaluation of the financial terms of the Exit Offer and our advice thereon. It forms part of the Circular which provides, *inter alia*, the details of the Exit Offer and the Delisting Proposal, and the recommendation of the Independent Directors in relation to the Exit Offer. Unless otherwise defined, all terms in the Circular have the same meaning in this letter.

### 2 TERMS OF REFERENCE

EYCF has been appointed to advise the Independent Directors on the financial terms of the Exit Offer and to make a recommendation for or against acceptance of the Exit Offer, pursuant to Rule 1309(2) of the Listing Manual and Rules 7.1 and 24.1(b) of the Singapore Code on Take-overs and Mergers (the “**Code**”).

EYCF does not have any financial connections and business dealings with the Company.

EYCF’s views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our analysis of the information provided in the Circular as well as information provided to us by the Company and its management, as of the Latest

Practicable Date. Accordingly, this opinion shall not take into account any event or condition which occurs after the Latest Practicable Date. Shareholders should take note of any announcement and/or event relevant to their consideration of the Exit Offer and the Delisting Proposal which may be released by the Company after the Latest Practicable Date.

We have confined our evaluation and analysis of the Exit Offer to the financial terms thereof. It is not within our terms of reference to assess the commercial merits and/or commercial risks of the Delisting Proposal, and to comment on the financial merits and/or financial risks of the Delisting Proposal where the assessment of such financial merits and/or financial risks involves our reviewing of non-publicly available information of the companies involved to which we have no access and with which we have not been furnished. It is also not within our terms of reference to compare the relative merits of the Exit Offer and Delisting Proposal vis-à-vis any alternative transactions that the Company may consider in the future, and as such, we do not express an opinion thereon. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Shares.

The scope of our appointment does not require us to express, and we do not express, a view on the future prospects of the Company, its subsidiaries and/or any of its associated or joint venture companies (the “**Group**”). We are, therefore, not expressing any view herein as to the prices at which the Shares of the Company may trade or on the future financial performance of the Group upon completion of the Exit Offer. No financial or profit forecasts, business plans or management accounts of the Group have been specifically prepared for the purpose of evaluating the Exit Offer. Accordingly, we will not be able to comment on the expected future performance or prospects of the Group. However, we may draw upon the views of the Directors and/or the senior management of the Company, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

In the course of our evaluation of the Exit Offer and the Delisting Proposal, we have held discussions with the Directors and senior management of the Company. We have also examined and relied on publicly available information in respect of the Company collated by us as well as information provided to us by the Company, including the information in the Circular. We have not independently verified such information furnished by the Directors and/or senior management of the Company or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us that to the best of their knowledge and belief, the information contained herein and in the Circular (other than those relating to the Exit Offer and the Delisting Proposal) constitutes a full and true disclosure, in all material respects, of all material facts and there is no material information the omission of which would make any of the information contained herein or in the Circular (other than those relating to the Exit Offer and the Delisting Proposal) inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Group and have not made an independent valuation or appraisal of the assets and liabilities of the Group.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

This letter and our opinion are addressed solely for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Exit Offer and the Delisting Proposal, and the recommendations made by them to the Shareholders shall remain the responsibility of the Independent Directors.

The Company has been separately advised in the preparation of the Circular (other than this letter). We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of this Circular (other than this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Circular (other than this letter).

Our opinion in relation to the Exit Offer should be considered in the context of the entirety of this letter and the Circular.

### 3 THE DELISTING RESOLUTION

The Company had on 10 November 2010 made an application to the SGX-ST to delist the Company from the Official List of the SGX-ST. The SGX-ST has advised in its letter dated 30 November 2010 that it does not have any objection to the delisting of the Company subject to the approval of Shareholders for the Delisting Resolution. However, this is not to be taken as an indication of the merits of the Delisting Proposal.

The Delisting Resolution, if approved by Shareholders at the EGM in accordance with Rule 1307 of the Listing Manual, will result in the delisting of the Company from the Official List of the SGX-ST.

Shareholders should note that under Rule 1307(2) of the Listing Manual, all Shareholders, including the Directors and controlling Shareholders (the “**Controlling Shareholders**”) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86% of the total number of Shares. The Offeror intends to vote in favour of the Delisting Resolution at the EGM in respect of all its Shares.

### 4 RATIONALE FOR THE DELISTING

We reproduce below the rationale for the Delisting as set out in Section 3 of the Circular.

**3.1 Realisation of Investments for Cash at a Significant Upfront Premium.** *The Exit Offer presents Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium.*

**3.2 Compliance Costs of Maintaining Listing.** *In maintaining its listing status, the Company incurs compliance and associated costs. The Delisting would allow the Company to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.*

**3.3 Low Free Float and Low Trading Liquidity of Shares.** *As at the Latest Practicable Date, the Offeror owns 136,736,874 Shares representing approximately 77.86 per cent. of the total number of Shares. This implies a free float of no greater than 22.14 per cent. As stated below, it is unlikely that the Company will raise equity capital in the foreseeable future and it is therefore unlikely that the free float will increase through new share issuance.*

*The trading liquidity of the Shares has also been low. The Offeror had on 12 August 2010 and 28 September 2010 acquired 10,130,000 Shares and 1,008,000 Shares respectively by way of married trades. On the basis that such married trades were excluded, the average daily trading volume of over the 12-month period immediately preceding the Announcement Date, was approximately 61,904 Shares representing approximately 0.2 per cent. of the total free float of Shares.*

**3.4 No Necessity to Access Capital Markets.** *The Company has not raised funds through the SGX-ST since January 1999 and is unlikely to require access to the capital markets to finance its operations in the foreseeable future.*

## 5 THE OFFEROR'S AND IDT INTERNATIONAL'S INTENTIONS FOR THE COMPANY

We reproduce below the Offeror's and IDT International Limited's ("IDT International") intentions for the Company as set out in Section 3.5 of the Circular.

*"The increased shareholding of the Offeror in the Company following the Delisting would provide IDT International with greater operational flexibility in managing its business activities in the region. The Offeror and IDT International currently have no intention to (i) propose any major changes to the businesses of the Company; (ii) redeploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Group."*

*Following the close of the Exit Offer, the Offeror and IDT International will undertake a comprehensive review of the design and manufacturing businesses of the Group. This will assist the Offeror and IDT International in determining the optimal business strategy for the Group."*

## 6 THE EXIT OFFER

Subject to the approval of the Delisting Resolution by Shareholders, the Offeror will make the Exit Offer to acquire all the Offer Shares on the terms and subject to the conditions set out in the Circular, the Exit Offer Letter and the Acceptance Form(s) and on the following basis:

6.1 The consideration for the Exit Offer will be:

**For each Offer Share: S\$0.54 in cash.**

Shareholders may accept the Exit Offer in respect of all or part of their holdings of Offer Shares.

6.2 The Exit Offer will be extended to any Shares owned, controlled or agreed to be acquired by Concert Parties. For the purposes of the Exit Offer, the expression "Offer Shares" shall include such Shares.

6.3 The Offer Shares will be acquired fully paid, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever (the "**Encumbrances**") and together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date ("**Rights**").

6.4 The Delisting and the Exit Offer will be conditional upon approval of the Delisting Resolution by a majority of at least 75% of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM, and the Delisting Resolution not being voted against by 10% or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM. **The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror. The approval of the Delisting Resolution at the EGM does not mean that Shareholders have accepted the Exit Offer.**

6.5 Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted, is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all Rights.

6.6 The Exit Offer is open for acceptance from the date of despatch of the Exit Offer Letter and will continue to be open for acceptance by Shareholders for a period of at least 14 days after the date of announcement of Shareholders' approval of the Delisting Resolution.

As stated in the Exit Offer Letter, the Closing Date of the Exit Offer is 5.30 p.m. on 26 January 2011 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Although no extension of the Exit Offer is currently contemplated, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Shares in acceptance of the Exit Offer.

## **7 INFORMATION ON THE OFFEROR AND IDT INTERNATIONAL**

The Offeror, a wholly-owned direct subsidiary of IDT International, was incorporated in the British Virgin Islands in 1996 and is an investment holdings company. As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86% of the total Shares.

IDT International was incorporated in Bermuda in 1990 and is listed on The Stock Exchange of Hong Kong Limited. IDT International is a leader in the design, development, manufacturing, marketing and distribution of lifestyle consumer electronic products in the categories of LCD consumer electronics, electronic learning and telecommunications.

Additional information on the Offeror and IDT International are set out in Appendix 3 and Appendix 4 of the Circular respectively.

## **8 INFORMATION ON THE COMPANY**

The Company, which is an investment holding company, is listed on the Mainboard of the SGX-ST and is part of the IDT group of companies which are engaged in the manufacturing, sales and trading of LCD consumer electronic products. Additional information on the Company, including a summary of the Group's financial performance for the financial years ended 31 March 2008 ("FY2008"), 31 March 2009 ("FY2009"), 31 March 2010 ("FY2010") and for the six-month period ended 30 September 2009 ("1H2010") and 30 September 2010 ("1H 2011") is set out in Appendix 2 of the Circular.

## **9 EVALUATION OF THE FINANCIAL TERMS OF THE EXIT OFFER**

In our analysis and evaluation of the Exit Offer, and our recommendation thereon, we have taken into consideration the following factors:

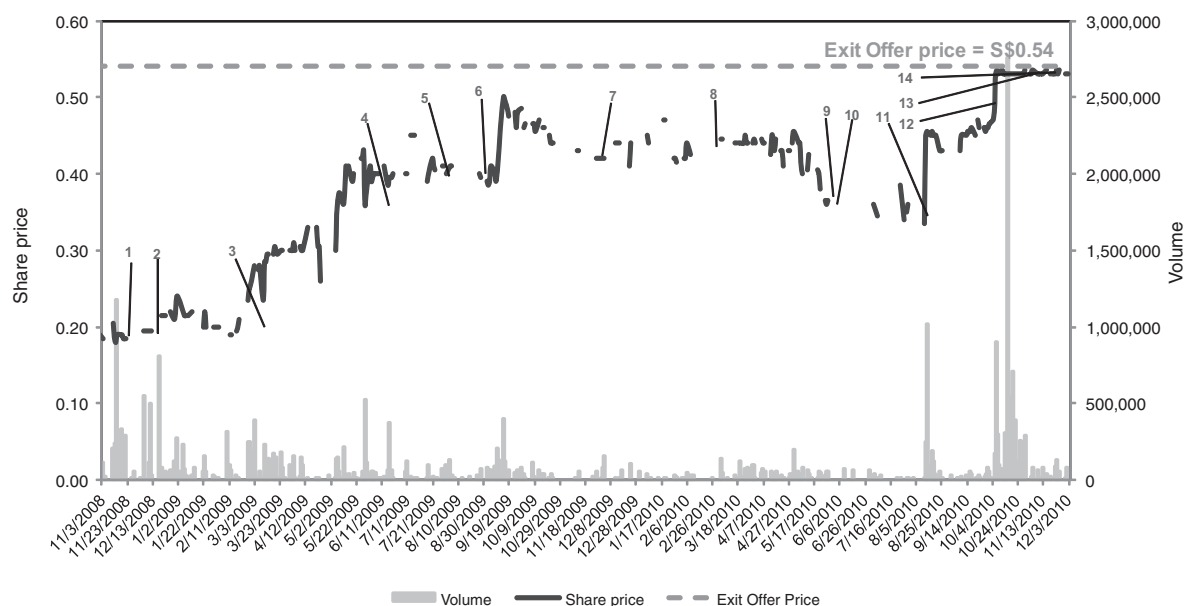
- (a) Market quotation and historical trading activity of the Shares;
- (b) Comparison of the valuation measures of the Company implied by the Exit Offer Price against those of selected comparable listed companies;
- (c) Comparison with recent successful delisting and privatisation transactions of companies listed on the SGX-ST; and
- (d) Other relevant considerations.

The factors above are discussed in more detail in the following sections.

### **9.1 Market quotation and historical trading activity of the Shares**

We set out below a chart which shows the daily closing prices for the Shares and volume traded (excluding married trades) for the period from two (2) years prior to the Announcement Date and up to the Latest Practicable Date. We have also marked significant dates during the given period, including the Company's announcements in connection with its financial results, appointment of key personnel and other material information.

### Share Prices for the Period from Two Years prior to the Announcement Date and up to the Latest Practicable Date



Sources: Bloomberg, Company announcements

**Notes:**

- (1) On 24 October 2008, the Company announced the appointment of Dr. Lam Yee Wah, Eva as Executive Director and Chief Financial Officer, Mr. Li Kwan In as Independent Non-Executive Director and an Audit and a Remuneration Committee Member of the Company with effect from 24 October 2008.
- (2) On 13 November 2008, the Company released its unaudited results for the six-month period ended 30 September 2008, with revenues of HK\$363.87 million. The Company reported that revenue and net profits decreased by approximately 8.00% and 9.00% respectively, as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the six-month period ended 30 September 2008.
- (3) On 11 February 2009, the Company released its unaudited results for the nine-month period ended 31 December 2008, with revenues of HK\$542.55 million. The Company reported that revenue decreased by approximately 4.00%, while net profits increased by 25.00%, as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the nine-month period ended 31 December 2008.
- (4) On 27 May 2009, the Company released its unaudited results for the financial year ended 31 March 2009, with revenues of HK\$634.12 million. The Company reported that revenue decreased by approximately 5.00%, while net profits increased by approximately 93.00% as compared to the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the financial year ended 31 March 2009.
- (5) On 16 July 2009, the Company announced the cessation of Dr. Lam Yee Wah, Eva as the Company's Executive Director and Chief Financial Officer.
- (6) On 12 August 2009, the Company released its unaudited results for the three-month period ended 30 June 2009, with revenues of HK\$104.72 million. The Company reported that revenue decreased by approximately 30.00% and net profits decreased from positive HK\$2,562,000 to negative HK\$3,921,000 as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the three-month period ended 30 June 2009.
- (7) On 12 November 2009, the Company released its unaudited results for the six-month period ended 30 September 2009, with revenues of HK\$294.04 million. The Company reported that revenue and net profits decreased by approximately 19.00% and 60.00% respectively as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the six-month period ended 30 September 2009.
- (8) On 11 February 2010, the Company released its unaudited results for the nine-month period ended 31 December 2009, with revenues of HK\$446.32 million. The Company reported that revenue and net profits decreased by approximately 18.00% and 71.00% respectively as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the nine-month period ended 31 December 2009.

- (9) On 24 May 2010, the Company informed the Shareholders that the Group expected to report a net loss for the fourth quarter and the full year ended 31 March 2010 as compared to a profit for the financial year ended 31 March 2009. The Company would otherwise report a profit but for the recognition of a one-time tax provision by a subsidiary of the Company for years of assessment from 1997/98 to 2008/09 in relation to a claim that the offshore profits earned by the subsidiary are not subject to tax in the relevant tax jurisdiction.
- (10) On 26 May 2010, the Company released its unaudited results for the financial year ended 31 March 2010, with revenues of S\$581.79 million. The Company reported that revenue decreased by approximately 8.00% and net profits decreased from positive HK\$19,536,000 to negative HK\$59,352,000 as compared to the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the financial year ended 31 March 2010.
- (11) On 11 August 2010, the Company released its unaudited results for the three-month period ended 30 June 2010, with revenues of HK\$149.44 million. The Company reported that revenue increased by approximately 43.00%, while net losses decreased by approximately 26.00% as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the three-month period ended 30 June 2010.
- (12) On 5 October 2010, the Company released the Announcement.
- (13) On 8 November 2010, the Company released its unaudited results for the six-month period ended 30 September 2010, with revenues of HK\$368.03 million. The Company reported that revenue increased by approximately 25.00%, while net profits decreased by approximately 35.00% as compared to the corresponding period in the previous financial year. In addition, the Company announced details of the aggregate value of interested person transactions entered into for the six-month period ended 30 September 2010.
- (14) On 1 December 2010, the Company announced the approval-in-principle by the SGX-ST for the Delisting.

Additional information on the volume-weighted average price (“VWAP”) of the Shares and other trading statistics is set out below:

Reference period	VWAP (S\$)	(Discount)/ Premium of Exit Offer Price (S\$0.54) over VWAP (%)	Highest transacted price (S\$)	Lowest transacted Price (S\$)	Average daily trading volume <sup>(1)</sup>	Daily trading volume as percentage of free float <sup>(2)</sup> (%)
<b>Periods prior to the Announcement Date<sup>(3)</sup></b>						
Last 2 years	0.37	45.95	0.50	0.18	80,141	0.21
Last 1 year	0.44	22.73	0.47	0.34	53,766	0.14
Last 6 months	0.44	22.73	0.47	0.34	48,844	0.13
Last 3 months	0.45	20.00	0.47	0.34	40,000	0.10
Last 1 month	0.46	17.39	0.47	0.43	20,650	0.05
Last transacted price prior to Announcement Date	0.47 <sup>(4)</sup>	14.89	0.47	0.47	15,000	0.04
<b>Post Announcement Date</b>						
Between the Market Day after the Announcement Date and the Latest Practicable Date	0.53	1.89	0.54	0.53	225,049	0.58
Latest Practicable Date	0.53 <sup>(5)</sup>	1.89	0.53	0.53	78,000	0.20

Source: Bloomberg

**Notes:**

- (1) The average daily trading volume of the Shares is calculated based on the total trading volume for all the traded Market Days for the relevant periods immediately prior to and including the last Market Day, divided by the total number of Market Days during the respective periods.
- (2) Free float refers to the Shares other than those held by the Directors, substantial Shareholders and their associates (as defined in the Listing Manual), which amounts to approximately 38.87 million Shares or equivalent to approximately 22.14% of the total issued share capital of the Company as at the Latest Practicable Date.
- (3) There were married trades done during these periods. The married trades, where applicable, have been included in the computation of VWAP to show indicative average pricing of the Shares for these periods but have been excluded from the computation of average daily traded volume to provide a more reflective indication of trading volumes by the public Shareholders.
- (4) This represents the last transacted price (instead of the VWAP) on 4 October 2010, being the last Market Day on which the Shares were traded prior to the Announcement Date.

- (5) This represents the last transacted price (instead of the VWAP) on 3 December 2010, the last Market Day on which the Shares were traded as at the Latest Practicable Date.

We note the following:

- (a) Over the last two years prior to the Announcement Date, the market price of the Shares has traded between a low of S\$0.18 and a high of S\$0.50;
- (b) Over the last two years prior to the Announcement Date, the Shares had not traded above or at the same market price level as the Exit Offer Price;
- (c) The Exit Offer Price represents premiums of approximately 45.95%, 22.73%, 22.73%, 20.00%, and 17.39% over the VWAPs of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date, respectively;
- (d) The Exit Offer Price represents a premium of approximately 14.89% over the last transacted price of the Shares prior to the Announcement Date;
- (e) The Exit Offer Price represents a premium of 1.89% to the VWAP of the Shares of S\$0.53 for the period from the Announcement Date to the Latest Practicable Date; and
- (f) The Exit Offer Price represents a premium of 1.89% over the last transacted price of the Shares of S\$0.53 as at the Latest Practicable Date, possibly reflecting the fact that the market price of the Shares have been supported by the Exit Offer since the Announcement Date. As the Shares have been trading at a higher price since the Announcement Date, we wish to highlight that there is no assurance that the market price will be maintained at the level as at the Latest Practicable Date after the closing date of the Exit Offer.

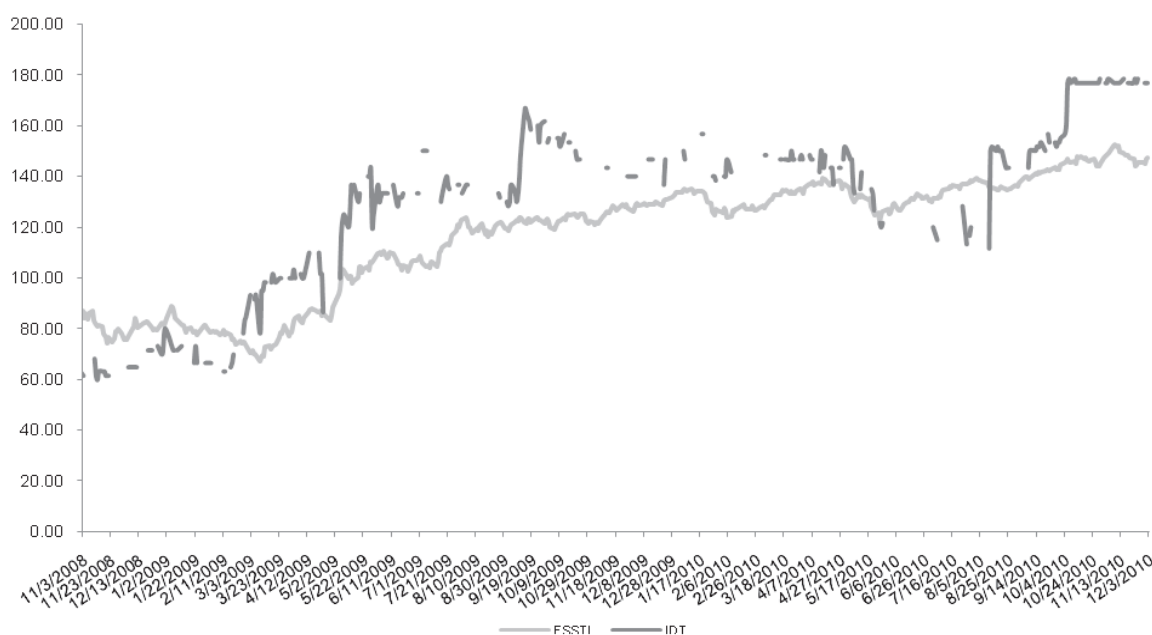
We also note the following with regard to the trading liquidity of the Shares:

- (a) The average daily traded volume of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date represents approximately 0.21%, 0.14%, 0.13%, 0.10% and 0.05% of the free float of the Shares, respectively;
- (b) For the period from two years prior to the Announcement Date up to the Announcement Date, the Shares were traded on 289 Market Days out of the total 502 Market Days or on approximately 57.57% of the total number of Market Days during the period. Further, the Shares had a thin average daily trading volume of only 80,141 Shares or 0.21% of the free float of the Shares for the two-year period;
- (c) The average daily traded volume of the Shares on the Market Day prior to the Announcement Date represents approximately 0.04% of the free float of the Shares;
- (d) The average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date represents approximately 0.58% of the free float of the Shares; and
- (e) The average daily traded volume of the Shares on the Latest Practicable Date represents approximately 0.20% of the free float of the Shares.

We wish to highlight that the above analysis of the trading performance of the Shares serves only as an illustrative guide and is not an indication of the future trading performance of the Shares.

In order to assess the market price performance of the Shares vis-à-vis the general price performance of the Singapore equity market, we have compared the market movement of the Shares against the FTSE Straits Times Index (“**FSSTI**”) for the period from two years prior to the Announcement Date up to the Latest Practicable Date.

### Share Prices and FSSTI Prices for the Period from Two Years prior to the Announcement Date and up to the Latest Practicable Date



Source: Bloomberg, rebased to 100 on 6 October 2008 as calculated by EYCF

We note that the Shares had underperformed the FSSTI in relative terms from October 2008 (beginning of the two-year period prior to the Announcement Date) to around mid-February 2009 and from end-May 2010 to mid-August 2010.

We further note that the Shares had outperformed the FSSTI from end-February 2009 up to mid-May 2010 and (i) from mid-August 2010 up to the Announcement Date during which the Offeror had, on 12 August 2010 and 28 September 2010, acquired 10,130,000 Shares and 1,008,000 Shares respectively by way of married trades and (ii) from the Announcement Date up to the Latest Practicable Date which, in our view, signals that the market price of the Shares is currently supported by the Exit Offer. We wish to highlight that such support may not be maintained at the same level following the close of the Exit Offer.

#### 9.2 Comparison of valuation measures of the Company implied by the Exit Offer Price against those of selected comparable listed companies

Based on our discussions with the management of the Company and a search for comparable listed companies on Bloomberg, we recognise that there is no particular listed company that we may consider to be directly comparable to the Group in terms of the composition of the business activities, company size, scale of operations, service range, customer base, risk profile, geographical spread of activities, accounting standards and policies used, and such other relevant criteria. However, after discussions with the management of the Company, we have selected companies which we believe are broad proxies to the core businesses of the Group of manufacturing, sales and trading of liquid crystal display (“LCD”) consumer electronic products (the “Comparable Companies”).

The Independent Directors and Shareholders should note that any comparisons made with respect to the Comparable Companies are for illustrative purposes only as there is no one company with the exact scope of business and using the exact accounting policies and standards as those of the Group. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of the Group as at the Latest Practicable Date. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive.

Accordingly, for the purposes of our evaluation, we have considered the following Comparable Companies whose activities, in our view (and as explained above), are broadly comparable to those of the Group:

<b>Comparable Company</b>	<b>Business Activity Description</b>	<b>Listed Exchange</b>
Avita Corp ("Avita")	Avita is a manufacturer and distributor of point-of-care health products which is designed for clinical and personal use. The company also provide OEM and ODM service on body composition analyzers, blood pressure monitors, blood glucose monitors, digital thermometers and nasal care devices.	Taiwan
CDW Holdings Limited ("CDW")	CDW manufactures and supplies precision components, metal and plastic LCD frames, LCD backlight units and related components. The company's products are designed for use in office equipment and electrical appliances.	Singapore
K & P International Holdings Limited ("K & P")	K & P, through its subsidiaries, manufactures and sells electronic and related components and parts comprising keypads, synthetic rubber and plastic parts and components, and LCD. The company also designs, manufactures, and sells consumer electronic products comprising electronics calculators, alarm clocks, and LCD products.	Hong Kong
PCI Limited ("PCI")	PCI manufactures and sells printed circuit boards, modules, and cordless telephones. The company also provides property management services and investment services.	Singapore
TaiDoc Technology Corp ("TaiDoc")	TaiDoc develops and manufactures blood glucose monitoring systems, blood pressure monitoring systems, blood glucose plus pressure monitoring systems, ear and forehead thermometers, and strip designing and processing, as well as advanced regulatory and business consulting services.	Taiwan
Tomorrow International Holdings Ltd ("Tomorrow")	Tomorrow, through its subsidiaries, designs, develops, manufactures, and sells electronic products, manufactures and sells printed circuit boards, and trades and distributes electronic components and parts. The company also trades securities and provides loan financing. In addition, Tomorrow manufactures and sells optical products.	Hong Kong

Sources: Bloomberg, OneSource, company reports and company websites

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Price-to-Net Tangible Assets ("Price/NTA")	NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.  Price/NTA refers to the ratio of a company's share price divided by NTA per share.
Price-to-Net current assets ("Price/ Net Current Assets")	Net Current Assets refers to the total current assets less total current liabilities of a company.  Price/Net Current Assets is the ratio of a company's market capitalisation divided by the net current assets.
Price-to-Earnings ("Price/Earnings")	Price/Earnings ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders.
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA")	EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.  EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.

**Valuation Measures of the Comparable Companies in Comparison with the Valuation Measures of the Group implied by the Exit Offer Price**

Comparable Companies	Market Capitalisation <sup>(1)</sup> (in S\$ millions)	Price/ NTA Ratio <sup>(2)</sup> (times)	Price/ Net Current Assets Ratio <sup>(3)</sup> (times)	Price/ Earnings Ratio <sup>(4)</sup> (times)	EV/EBITDA Ratio <sup>(5)</sup> (times)
Avita	28.97	1.85	2.81	7.46	6.29
CDW	40.35	0.58	0.86	7.84	0.85
K & P	19.18	0.69	4.42	7.41	3.05
PCI	84.50	0.88	1.06	6.82	2.57
TaiDoc	232.61	3.38	9.50	21.19	12.47
Tomorrow	156.68	1.27	1.40	<i>n.m.</i>	<i>n.m.</i>
<b>Low</b>		<b>0.58</b>	<b>0.86</b>	<b>6.82</b>	<b>0.85</b>
<b>High</b>		<b>3.38</b>	<b>9.50</b>	<b>21.19</b>	<b>12.47</b>
<b>Median</b>		<b>1.08</b>	<b>2.11</b>	<b>7.46</b>	<b>3.05</b>
<b>Average (excluding outlier)</b>		<b>1.05</b>	<b>1.53</b>	<b>7.38</b>	<b>3.19</b>
<b>IDT (Implied by the Exit Offer Price)</b>	<b>94.83</b>	<b>0.85</b>	<b>0.92</b>	<b><i>n.m.</i></b>	<b>3.08</b>

Sources: Bloomberg, OneSource and company reports

**Notes:**

- (1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at Latest Practicable Date as obtained from Bloomberg. Market capitalisation of IDT is approximately S\$94.83 million based on the Exit Offer Price of S\$0.54 per Share and the total outstanding Shares of 175,612,624 Shares in issue as at the Latest Practicable Date.
- (2) Price/NTA ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its consolidated NTA per share as at the latest available financial results.
- (3) Net Current Assets is computed based on the latest available consolidated financial results of the Comparable Companies and the Company.
- (4) Net profit attributable to shareholders of the Comparable Companies and IDT are computed on a trailing 12-month basis from the companies' latest available consolidated financial results and the Company's unaudited consolidated results for the financial period ended 30 September 2010 respectively. There is no Price/Earnings ratio for Tomorrow due to its net loss position.
- (5) For the Comparable Companies, EV is computed based on the latest available consolidated financial results, except for market capitalisation which is as at the Latest Practicable Date, and EBITDA is computed based on a trailing 12-month basis from the interim unaudited consolidated financial results. EV of IDT is based on the consideration of approximately S\$94.83 million implied by the Exit Offer Price and the Company's latest unaudited consolidated financial results as at 30 September 2010. EBITDA of IDT is computed based on a trailing 12-month basis from the Company's interim unaudited consolidated results for the financial period ended 30 September 2010. There is no EV/EBITDA ratio for Tomorrow due to its negative trailing 12-month EBITDA results.

**9.2.1 Comparison of Price/NTA ratios**

The Price/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company.

We note that, as at the Latest Practicable Date, the range of Price/NTA ratios among the Comparable Companies is between 0.58 times and 3.38 times. We also note that the average Price/NTA ratio (excluding outlier) of the Comparable Companies as at the Latest Practicable Date is 1.05 times and the median Price/NTA ratio of the Comparable Companies is 1.08 times.

We note that the Price/NTA ratio of the Company implied by the Exit Offer Price of 0.85 times is within the range of the Price/NTA ratios of the Comparable Companies, but is below the average (excluding outlier) and median ratios of the Comparable Companies.

**9.2.2 Comparison of Price/Net Current Assets ratios**

The Price/Net Current Assets ratio represents an asset-based relative valuation which takes into consideration the net current assets backing of a company.

We note that, as at the Latest Practicable Date, the range of Price/Net Current Assets ratios among the Comparable Companies is between 0.86 times and 9.50 times. We also note that the average Price/Net Current Assets ratio (excluding outlier) of the Comparable Companies as at the Latest Practicable Date is 1.53 times, and the median Price/Net current assets ratio is 2.11 times.

The Price/Net Current Assets ratio of the Company implied by the Exit Offer Price of 0.92 times is within the range of the Price/Net Current Assets ratios of the Comparable Companies, but is below the average (excluding outlier) and median ratios of the Comparable Companies.

**9.2.3 Comparison of Price/Earnings ratios**

The Price/Earnings ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.

We note that, as at the Latest Practicable Date, the range of Price/Earnings ratios of the Comparable Companies is between 6.82 times and 21.19 times. We also note that the average Price/Earnings ratio (excluding outlier) of the Comparable Companies as at the Latest Practicable Date is 7.38 times, and the median Price/Earnings ratio is 7.46 times.

The Company had incurred net losses of approximately HK\$62.38 million for the 12-month period ended 30 September 2010. As such, a meaningful Price/Earnings ratio cannot be computed.

#### **9.2.4 Comparison of EV/EBITDA ratios**

The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cashflow performance and disregards the entity's existing capital structure.

We note that, as at the Latest Practicable Date, the range of EV/EBITDA ratios among the Comparable Companies is between 0.85 times and 12.47 times. We also note that the average EV/EBITDA ratio (excluding outlier) of the Comparable Companies as at the Latest Practicable Date is 3.19 times, and the median EV/EBITDA ratio is 3.05 times. We further note that the EV/EBITDA ratio for one of the Comparable Companies is not meaningful as it has negative EBITDA.

The EV/EBITDA ratio of the Company implied by the Exit Offer Price of 3.08 times is within the range of the EV/EBITDA ratios of the Comparable Companies, but is below the average (excluding outlier) and median ratios of the Comparable Companies.

### **9.3 Comparison with recent successful delisting and privatisation transactions of companies listed on the SGX-ST**

We have also examined recent similar successful transactions by listed companies on the SGX-ST involving delistings and privatisations (the "**Comparable Transactions**") announced during the period since January 2009 to the Latest Practicable Date. Our analysis of the Comparable Transactions is to illustrate the premiums/discounts represented by each of the respective offer prices to the average traded prices prior to the announcements of such Comparable Transactions and for comparison of the Price/NTA ratios implied by the respective offer prices.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Comparable Transactions are for illustrative purposes only. The Comparable Transactions are not directly comparable to the terms and conditions of the Delisting. The premium any offeror is prepared to pay for in any particular delisting or privatisation transaction depends on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Comparable Transactions is by no means exhaustive.

Company	Date Announced	Premium/(Discount) of the Exit Offer Price over Relevant Prices prior to Announcement (%)		
		Last Transacted Price	1-month VWAP	3-month VWAP
AGVA Corporation Limited	21 Feb 2009	7.7	20.7	20.7
Chunghong Holdings Limited	5 May 2009	21.1	21.1	15.2
C.K. Tang Limited	8 May 2009	22.1	20.8	20.2
Singapore Petroleum Company Limited	24 May 2009	24.0	52.1	90.0
Man Wah Holdings Limited	5 Jun 2009	9.5	10.8	30.6
Evergro Properties Limited	12 Jul 2009	16.0	39.6	56.0
Sihuan Pharmaceutical Holdings Group Limited	24 Aug 2009	27.5	24.4	33.2
China Precision Technology Limited	3 Sep 2009	19.2	25.8	49.3
China Lifestyle Food and Beverage Group Limited	9 Dec 2009	22.8	12.8	2.9
Furama Limited	15 Dec 2009	37.0	38.2	42.6
Jurong Cement Limited	18 Dec 2009	95.3	97.5	119.3
Hongguo International Holdings	18 Jan 2010	37.2	31.4	35.5
China Video Surveillance Limited	2 Feb 2010	140.9	132.9	91.9
Keda Communications Limited	25 Feb 2010	47.1	43.7	56.3
Eng Kong Holdings Limited	2 Jun 2010	37.2	21.0	19.1
Avaplas Limited	23 Jun 2010	11.1	5.4	10.0
RSH Limited	23 Jul 2010	41.7	<i>n.a.</i>	<i>n.a.</i>
Hyflux Water Trust Management Pte. Ltd.	2 Aug 2010	13.9	16.9	20.9
Eastern Asia Technology Limited	4 Aug 2010	31.4	39.0	38.1
Pine Agritech Limited	16 Aug 2010	11.1	7.1	18.6
Soilbuild Group Holdings Ltd.	21 Sep 2010	13.5	15.6	18.5
<b>Low</b>		<b>7.7</b>	<b>5.4</b>	<b>2.9</b>
<b>High</b>		<b>140.9</b>	<b>132.9</b>	<b>119.3</b>
<b>Median</b>		<b>22.8</b>	<b>22.7</b>	<b>31.9</b>
<b>Average</b>		<b>32.7</b>	<b>33.8</b>	<b>39.4</b>
<b>IDT (Implied by the Exit Offer Price)</b>	<b>5 Oct 2010</b>	<b>14.9</b>	<b>17.4</b>	<b>20.0</b>

Sources: Bloomberg, company circulars and company reports

**Note:**

- (1) Price/NTA Ratio is extracted from the respective circular of the companies where available, otherwise it is computed by taking the ratio of the offer price to the company's consolidated NTA per share as at the latest available financial results.

We note the following with regard to the Comparable Transactions:

- (a) the premium implied by the Exit Offer Price for the last transacted price which the Shares were traded prior to the Announcement Date of approximately 14.9% is within the range and lower than the average and median premiums of the Comparable Transactions;
- (b) the premium implied by the Exit Offer Price for the 1-month VWAP which the Shares were traded prior to the Announcement Date of approximately 17.4% is within the range and lower than the average and median premiums of the Comparable Transactions; and
- (c) the premium implied by the Exit Offer Price for the 3-month VWAP which the Shares were traded prior to the Announcement Date of approximately 20.0% is within the range and lower than the average and median premiums of the Comparable Transactions.

## 9.4 Other Relevant Considerations

We have also considered the following in our evaluation on the Exit Offer:

### 9.4.1 Control of the Company

As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86% of the total number of Shares. In view of the Offeror's stake in the Company as at the Latest Practicable Date and regardless of the outcome of the Exit Offer, the Offeror already has statutory control of the Company which enables it to determine the strategic, financial and operational policies and directions of the Group.

We also note that the Offeror intends to vote in favour of the Delisting Resolution at the EGM in respect of all its Shares. As such, the Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror. We recommend that the Independent Directors highlight to the Shareholders that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution is guaranteed of being passed at the EGM.

### 9.4.2 Implications of the Delisting and compulsory acquisition

We recommend that Independent Directors advise the Shareholders to read Section 11 of the Circular carefully with respect to the implications of the Delisting and compulsory acquisition.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. If the Company is delisted, even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the Exit Offer Price.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular, the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Memorandum and Articles of Association and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act, which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and who does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The share certificate will be sent, by ordinary post and at the Shareholder's own risk, to the Shareholder's address as it appears in the records of CDP after the Company has been delisted from the Official List of the SGX-ST.

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Exit Offer of not less than 90% of the Offer Shares, the Offeror will have the right to compulsorily acquire, at the Exit Offer Price, all the Offer Shares of Shareholders who have not accepted the Exit Offer. The Offeror intends to exercise such right of compulsory acquisition if it becomes entitled to do so. In such event, the Company will become a wholly-owned subsidiary of the Offeror.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, comprise 90% or more of the Shares, Shareholders who have not accepted the Exit Offer have the right to require the Offeror to acquire their Shares at the Exit Offer Price.

We wish to highlight that in the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Shareholders are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price, the Company will be delisted, and Shareholders who do not accept the Exit Offer will continue to hold Shares in an unlisted company.

#### **9.4.3 Offeror's intentions for the Company**

We note that the increased shareholding of the Offeror in the Company following the Delisting would provide IDT International with greater operational flexibility in managing its business activities in the region. As stated in the Circular and the Exit Offer Letter, the Offeror and IDT International currently have no intention to (i) propose any major changes to the businesses of the Company; (ii) redeploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Group.

We further note that following the close of the Exit Offer, the Offeror and IDT International will undertake a comprehensive review of the design and manufacturing businesses of the Group. This will assist the Offeror and IDT International in determining the optimal business strategy for the Group.

#### **9.4.4 Evaluation of the Exit Offer Price in view of the discount to the NTA per Share**

Based on the unaudited second quarter balance sheet of the Group as at 30 September 2010, the NTA of the Group was HK\$662.38 million, which implies an NTA per Share of approximately HK\$3.77 (approximately S\$0.64). We note that the Exit Offer Price represents a discount of approximately 15.1% to the unaudited NTA per Share of the Company as at 30 September 2010.

In our evaluation of the financial terms of the Exit Offer, we have deemed that the NTA-based approach would not be a significant consideration given the following:

- (a) The net asset backing method is appropriate when the entity being valued is predominantly an investment holding entity which does not carry on any business operations of a commercial nature. The method is also appropriate where (i) the entity's business is to cease operations, and/or (ii) the entity intends to convert the uses of all or most of its assets. This method may ignore the ability of the asset base of the entity to generate ongoing future earnings and sustain an earnings-based valuation; and
- (b) We note that the Offeror has no immediate intention to propose any changes to the businesses and operations of the Group nor to redeploy the fixed assets of the Group.

Given the above, we have deemed that the NTA-based approach would not be meaningful in our evaluation of the Exit Offer. We also note that the Price/NTA ratio of the Company implied by the Exit Offer Price of 0.85 times is within the range of Price/NTA ratios of the Comparable Companies as at the Latest Practicable Date of between 0.58 times and 3.38 times, but below the average (excluding outlier) and median Price/NTA ratio of the Comparable Companies as at the Latest Practicable Date.

Nevertheless, we have considered whether there are any factors which have not otherwise been disclosed in the financial statements of the Group that are likely to affect the unaudited book NTA as at 30 September 2010. Save as disclosed in the financial statements of the Group as at 30 September 2010, the Directors have confirmed that, to the best of their knowledge, there are no contingent liabilities which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date.

We have also considered whether there are any assets that are of an intangible nature which have not otherwise been disclosed in the financial statements of the Group as at 30 September 2010. The Directors have confirmed that, to the best of their knowledge, there

are no other intangible assets which ought to be disclosed in the balance sheet of the Group in accordance with the International Financial Reporting Standards and which have not been disclosed.

#### **9.4.5 Alternative offer from third parties**

We understand from the Directors that, as at the Latest Practicable Date, there is no other alternative offer or proposal to the Company which is comparable to the Exit Offer and the Delisting Proposal. We also note that there is no publicly available evidence of an alternative offer for the Shares from any third party.

### **10 OUR ADVICE ON THE EXIT OFFER**

In arriving at our advice on the Exit Offer, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Exit Offer and Delisting Proposal. The factors we have considered in our evaluation, which are based on representations made by the Company, its Directors and its senior management, discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

- (a) the rationale for the Delisting Proposal;
- (b) the market price of the Shares has traded between a low of S\$0.18 and a high of S\$0.50 over the last two years prior to the Announcement Date;
- (c) the Exit Offer Price representing premiums of approximately 45.95%, 22.73%, 22.73%, 20.00%, and 17.39% over the VWAPs of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date, respectively;
- (d) the Exit Offer Price representing a premium of approximately 14.89% over the last transacted price of the Shares prior to the Announcement Date;
- (e) the Exit Offer Price representing a premium of 1.89% to the VWAP of the Shares of S\$0.53 for the period from the Announcement Date to the Latest Practicable Date; and
- (f) the Exit Offer Price representing a premium of 1.89% over the last transacted price of the Shares of S\$0.53 as at the Latest Practicable Date, possibly reflecting the fact that the market price of the Shares have been supported by the Exit Offer since the Announcement Date;
- (g) the low average daily traded volume of the Shares for the periods 2 years, 1 year, 6 months, 3 months and 1 month prior to the Announcement Date representing approximately 0.21%, 0.14%, 0.13%, 0.10% and 0.05% of the free float of the Shares, respectively;
- (h) the fact that over the last two years prior to the Announcement Date up to the Announcement Date, the Shares were traded on 289 Market Days out of the total 502 Market Days or on approximately 57.57% of the total number of Market Days during the period and had a thin average daily trading volume of only 80,141 or 0.21% of the free float of the Shares;
- (i) the low average daily traded volume of the Shares on the Market Day prior to the Announcement Date representing approximately 0.04% of the free float of the Shares;
- (j) the relatively higher average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date of approximately 0.58% of the free float of the Shares;
- (k) the relatively higher average daily traded volume of the Shares on the Latest Practicable Date of approximately 0.20% of the free float of the Shares;
- (l) the Shares had not traded above or at the same market price level as the Exit Offer Price and there is no assurance that the current market price and trading volume of the Shares will be maintained at similar levels if the Delisting Resolution is not passed;

- (m) the Price/NTA ratio of the Company implied by the Exit Offer Price of 0.85 times being within the range of the Price/NTA ratios of the Comparable Companies, and being below the average (excluding outlier) and the median Price/NTA ratios of the Comparable Companies;
- (n) the Price/Net Current Assets ratio of the Company implied by the Exit Offer Price of 0.92 times being within the range of the Price/Net Current Assets ratios of the Comparable Companies, and being below the average (excluding outlier) and the median Price/Net Current Assets ratios of the Comparable Companies;
- (o) the Price/Earnings ratio of the Company implied by the Exit Offer Price is not meaningful given that the Company had incurred net losses of approximately HK\$62.38 million for the 12-month period ended 30 September 2010;
- (p) the EV/EBITDA ratio of the Company implied by the Exit Offer Price of 3.08 times being within the range of the EV/EBITDA ratios of the Comparable Companies, and being below the average (excluding outlier) and median EV/EBITDA ratios of the Comparable Companies;
- (q) the premium implied in the Exit Offer Price for the last transacted price which the Shares were traded prior to the Announcement Date of approximately 14.9% being within the range of and below the average and median premiums of the Comparable Transactions;
- (r) the premiums implied in the Exit Offer Price for the 1-month and 3-month VWAP which the Shares were traded prior to the Announcement Date of approximately 17.4% and 20.0% respectively being within the range of the premiums of the Comparable Transactions and below the average and median premiums of the Comparable Transactions; and
- (s) other relevant considerations in relation to the Exit Offer such as:
  - (i) control of the Company;
  - (ii) the implications of Delisting and compulsory acquisition;
  - (iii) the Offeror's intentions for the Company;
  - (iv) evaluation of the Exit Offer Price in view of the discount to the NTA per Share; and
  - (v) the absence of alternative offer from third parties.

**Based on the analysis undertaken and after having considered carefully the information available to us, we are of the view that the financial terms of the Exit Offer are reasonable under the market, economic and other relevant conditions prevailing as at the Latest Practicable Date. Accordingly, we advise the Independent Directors to recommend that Shareholders VOTE IN FAVOUR of the Delisting Resolution and ACCEPT THE EXIT OFFER in the event the Delisting Resolution is passed and Shareholders do not intend and are not prepared to hold shares in an unlisted company.**

**We wish to highlight to the Shareholders that unless the Delisting Resolution is voted against by 10% or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM, the Delisting Resolution will be passed at the EGM given that the Offeror owns or controls 77.86% of the total number of Shares as at the Latest Practicable Date.**

**We also wish to highlight that in the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Shareholders who do not accept the Exit Offer are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price, the Company will be delisted, and Shareholders who do not accept the Exit Offer will continue to hold Shares in an unlisted company.**

Shareholders may wish to sell their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price net of related expenses (such as brokerage and trading costs).

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. Our advice on the Exit Offer cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Shares as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Exit Offer.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

We have prepared this letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Exit Offer, but any recommendations made by the Independent Directors in respect of the Exit Offer shall remain their responsibility. A copy of this letter may be reproduced in the Circular.

Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose (other than the intended purpose in relation to the Exit Offer and the Delisting Proposal) at any time and in any manner without the prior written consent of EYCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**Ernst & Young Corporate Finance Pte Ltd**

Leslie Koh  
Executive Director

## ADDITIONAL INFORMATION ON THE COMPANY

### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Raymond Chan	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Chairman and Chief Executive Officer
Chan Pau Shiu Yeng Shirley	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Executive Director
Albert Wang	Flat 21C, Glory Heights 52, Lyttelton Road Midlevel Hong Kong	Independent Non-Executive Director
Liu Tieh Ching Brandon	11 Gilstead Road #06-01 Morimasa Gardens Singapore 309065	Independent Non-Executive Director
Li Kwan In	Flat 5C, Greenview Gardens 125 Robinson Road Hong Kong	Independent Non-Executive Director

### 2. REGISTERED OFFICE

The registered office of the Company is at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909.

### 3. SHARE CAPITAL

3.1 As at the Latest Practicable Date:

- (a) the Company only has one class of shares comprising ordinary shares, and has an issued and paid-up share capital of S\$43,490,011.28 divided into 175,612,624 Shares;
- (b) no Shares have been issued since the end of the last financial year; and
- (c) there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of the Shares.

3.2 The rights of Shareholders in respect of voting, dividends and capital as set out in the Articles of Association of the Company are reproduced, without amendment, below:

“(a) Rights in respect of voting

61. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting; or
  - (b) not less than two members present in person or by proxy and entitled to vote; or
  - (c) a member present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) a member present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right;

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

62. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
63. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
64. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

#### VOTES OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each member entitled to vote may vote in person or by proxy. On a show of hands every member who is present in person and each proxy shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.
66. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

67. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
70. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
71. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting provided that if the member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
  - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (D) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual shall be signed by the appointor or his attorney; and
  - (b) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.
73. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.
74. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

(b) Rights in respects of dividends

DIVIDENDS

121. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
123. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.
124. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other Company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
129. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provision of Article 131, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
130. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
131. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
- (c) Rights in respect of capital
5. (A) In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets

and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital winding-up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

#### VARIATION OF RIGHTS

- 6. (A) Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as at a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation of abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

#### ALTERATION OF SHARE CAPITAL

- 7. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
- 8. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).

(B) Notwithstanding Article 8(A) above but subject to the Statutes, the Company may by ordinary resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:

- (a) (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) does not exceed 50 per cent (or such other limit as may be prescribed from time to time by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) does not exceed 20 per cent (or such other limit as may be prescribed from time to time by the Singapore Exchange Securities Trading Limited) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed from time to time by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above:
  - (a) the percentage of issued share capital shall be based on the issued share capital of the Company as at the date of the passing of the ordinary resolution after adjusting for:
    - (i) new shares arising upon the conversion or exercise of any convertible securities or employee share options and which are outstanding as at the date of the passing of the ordinary resolution; and
    - (ii) any subsequent consolidation or subdivision of shares; and
  - (b) in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (3) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited and these Articles; and

- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the ordinary resolution, or the date by which such annual general meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
9. The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
- (d) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.
10. (A) The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.
- (B) The Company may, subject to and in accordance with the Statutes, purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share that is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire, and the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled. In any other instance, the Company may deal with any such share which is so purchase or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

## SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.

12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.
13. Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
14. The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutes. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. "Market day" shall have the meaning ascribed to it in Article 18. The Directors may, at any time after allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose."

#### **4. DISCLOSURE OF INTERESTS**

##### **4.1 As at the Latest Practicable Date:**

- (a) none of the Company or its subsidiaries have any interest, direct or indirect, in shares in the Offeror or instruments convertible into, rights to subscribe for or options in respect of shares in the Offeror;
- (b) none of the Directors have any interest, direct or indirect, in shares in the Offeror or instruments convertible into, rights to subscribe for or options in respect of shares in the Offeror; and
- (c) save as set out below in paragraph 6 of this **Appendix 2**, none of the Directors have any interest, direct or indirect, in the Shares or instruments convertible into, rights to subscribe for or options in respect of the Shares.

#### **5. DEALINGS IN SECURITIES**

##### **5.1 During the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date:**

- (a) none of the Company or its subsidiaries have dealt in shares in the Offeror and/or instruments convertible into, rights to subscribe for or options in respect of shares in Offeror;
- (b) none of the Directors has dealt for value in shares in the Offeror and/or instruments convertible into, rights to subscribe for or options in respect of shares in Offeror; and

- (c) save as set out below, none of the Directors has dealt for value in the Shares and/or instruments convertible into, rights to subscribe for or options in respect of the Shares.

Name of Relevant Person	Nature of Dealing (12 August 2010)	Nature of Dealing (28 September 2010)
Offeror		
IDT International	Acquisition of 10,130,000 Shares <sup>(4)</sup> by the Offeror for a consideration of S\$0.4792 per Share by way of a married trade effected on 12 August 2010	Acquisition of 1,008,000 Shares <sup>(5)</sup> by the Offeror for a consideration of S\$0.4520 per Share by way of a married trade effected on 28 September 2010
Dr Raymond Chan <sup>(1)</sup>		
Mrs Chan Pau Shiu Yeng Shirley <sup>(2)</sup>		
Integrated Display Technology Limited <sup>(3)</sup>		

**Notes:**

- (1) Dr Raymond Chan is a director of the Company, the Offeror and IDT International. Further, Dr Raymond Chan is, by virtue of his interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (2) Mrs Chan Pau Shiu Yeng Shirley is a director of the Company, the Offeror and IDT International. Further, Mrs Chan Pau Shiu Yeng Shirley is, by virtue of her interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (3) Integrated Display Technology Limited is a company incorporated in the British Virgin Islands and wholly-owned by Dr Raymond Chan.
- (4) This represents 5.77% of the total of 175,612,624 Shares as at the Latest Practicable Date.
- (5) This represents 0.57% of the total of 175,612,624 Shares as at the Latest Practicable Date.

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 6.1 As at the Latest Practicable Date:

- (a) save as set out below, none of the Directors hold any interests, direct or indirect, in the Shares; and
- (b) the interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
Offeror	136,736,874	77.86	–	–
IDT International	–	–	136,736,874	77.86
Dr Raymond Chan <sup>(1)</sup>	–	–	136,736,874	77.86
Mrs Chan Pau Shiu Yeng Shirley <sup>(2)</sup>	–	–	136,736,874	77.86
Integrated Display Technology Limited <sup>(3)</sup>	–	–	136,736,874	77.86

**Notes:**

- (1) Dr Raymond Chan is a director of the Company, the Offeror and IDT International. Further, Dr Raymond Chan is, by virtue of his interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (2) Mrs Chan Pau Shiu Yeng Shirley is a director of the Company, the Offeror and IDT International. Further, Mrs Chan Pau Shiu Yeng Shirley is, by virtue of her interests in IDT International, deemed to be interested in the Shares held by the Offeror.

(3) Integrated Display Technology Limited is a company incorporated in the British Virgin Islands and wholly-owned by Dr Raymond Chan.

(4) Based on a total of 175,612,624 Shares as at the Latest Practicable Date.

## 7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 As at the Latest Practicable Date:

- (a) none of EYCF, its related corporations or funds whose investments are managed by EYCF, or its related corporations on a discretionary basis, own or control any Shares; and
- (b) none of EYCF, its related corporations or funds whose investments are managed by EYCF, or its related corporations on a discretionary basis has dealt for value in the Shares during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

## 8. INTERESTS OF CIMB

8.1 As at the Latest Practicable Date:

- (a) none of CIMB, its related corporations or funds whose investments are managed by CIMB or its related corporations on a discretionary basis, own or control any Shares; and
- (b) none of CIMB, its related corporations or funds whose investments are managed by CIMB or its related corporations on a discretionary basis, has dealt for value in the Shares during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

## 9. FINANCIAL INFORMATION

9.1 A summary of the consolidated statement of comprehensive income of the Group for FY2008, FY2009, FY2010, 1H 2010 and 1H 2011 is set out below:

	<b>1H 2011</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>1H 2010</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>FY2010</b> <b>(audited)</b> <b>HK\$'000</b>	<b>FY2009</b> <b>(audited)</b> <b>HK\$'000</b>	<b>FY2008</b> <b>(audited)</b> <b>HK\$'000</b>
<b>Revenue</b>	<b>368,031</b>	<b>294,040</b>	<b>581,786</b>	<b>634,120</b>	<b>665,870</b>
Cost of sales	(301,947)	(231,237)	(459,536)	(513,882)	(547,802)
<b>Gross profit</b>	<b>66,084</b>	<b>62,803</b>	<b>122,250</b>	<b>120,238</b>	<b>118,068</b>
Other operating income	3,602	5,864	11,449	16,966	19,306
Selling and distribution costs	(10,402)	(10,517)	(20,194)	(25,915)	(27,880)
Administrative costs	(35,484)	(32,299)	(80,124)	(56,412)	(65,193)
Research and development costs	(18,796)	(16,217)	(33,972)	(32,877)	(32,278)
Finance costs	–	–	(1,551)	–	(1)
<b>Profit (loss) before tax</b>	<b>5,004</b>	<b>9,634</b>	<b>(2,142)</b>	<b>22,000</b>	<b>12,022</b>
Income tax credit (expense)	615	(985)	(57,210)	(2,464)	(1,923)
<b>Profit (loss) for the period / year</b>	<b>5,619</b>	<b>8,649</b>	<b>(59,352)</b>	<b>19,536</b>	<b>10,099</b>

	1H 2011 (unaudited) HK\$'000	1H 2010 (unaudited) HK\$'000	FY2010 (audited) HK\$'000	FY2009 (audited) HK\$'000	FY2008 (audited) HK\$'000
<b>Other comprehensive income (loss):</b>					
- translation reserve	194	1,439	130	(2,704)	1,527
<b>Total comprehensive income (loss) for the period / year, net of tax</b>	<b>5,813</b>	<b>10,088</b>	<b>(59,222)</b>	<b>16,832</b>	<b>11,626</b>
Profit (loss) for the period / year attributable to:					
Owners of the Company	5,619	8,649	(59,351)	19,537	10,101
Non-controlling interests	–	–	(1)	(1)	(2)
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the Company	5,813	10,088	(59,221)	16,833	11,628
Non-controlling interests	–	–	(1)	(1)	(2)
<b>Earnings (loss) per share</b>					
- basic (HK cents)	3.2	4.9	(33.8)	11.1	5.8
- diluted (HK cents)	3.2	4.9	(33.8)	11.1	5.8
<b>Dividends per Share</b> (Singapore cents)	–	–	–	1	0.5

The summary financial information should be read together with the audited consolidated financial statements of the Group for the relevant years and related notes thereto, as set out in the annual reports of the Company, and the unaudited consolidated financial statements of the Group for 1H 2010 and 1H 2011, copies of which are available for inspection at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909.

- 9.2 A summary of the statements of financial positions of the Group as at 31 March 2010 and 30 September 2010 is set out below:

	As at 30 September 2010 (unaudited) HK\$'000	As at 31 March 2010 (audited) HK\$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	234,824	375,359
Short-term bank deposits with original maturity more than three months	246,056	158,573
Trade receivables	201,429	140,332
Other receivables and prepayments	10,879	8,530
Inventories	91,663	37,642
<b>Total current assets</b>	<b>784,851</b>	<b>720,436</b>
<b>Non-current assets</b>		
Plant and equipment	47,495	54,517
Development costs	6,611	8,800
<b>Total non-current assets</b>	<b>54,106</b>	<b>63,317</b>
<b>Total assets</b>	<b>838,957</b>	<b>783,753</b>

	As at 30 September 2010 (unaudited) HK\$'000	As at 31 March 2010 (audited) HK\$'000
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables	164,255	101,280
Income tax payable	5,666	18,451
Total current liabilities	169,921	119,731
<b>Non-current liability</b>		
Deferred tax liabilities	3,427	4,226
<b>Capital, reserves and non-controlling interests</b>		
Share capital	214,725	214,725
Translation reserves	3,525	3,331
Retained earnings	447,315	441,696
Equity attributable to owners of the Company	665,565	659,752
Non-controlling interests	44	44
Total equity	665,609	659,796
<b>Total liabilities and equity</b>	<b>838,957</b>	<b>783,753</b>

The summary financial information should be read together with the audited consolidated financial statements of the Group for FY2010 and the related notes thereto, as set out in the 2010 annual report of the Company, and the unaudited consolidated financial statements of the Group for 1H 2011, copies of which are available for inspection at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909.

#### 10. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in the unaudited consolidated financial statements of the Group for 1H 2011, there have been no known material changes in the financial position of the Company since 31 March 2010, being the date to which the Company's last published audited accounts were made up.

#### 11. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2010, as set out in the 2010 annual report of the Company, copies of which are available for inspection at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909.

#### 12. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the financial information disclosed in this Circular to be not comparable to a material extent.

### 13. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or facts likely to give rise to any litigation, claims or proceedings which, in the opinion of the Directors, might materially and adversely affect the financial position of the Group taken as a whole.

### 14. GENERAL DISCLOSURES

14.1 There (a) are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation and (b) were no service contracts entered into or amended between any of the Directors or proposed director and the Company or any of its subsidiaries during the period between the start of the six months immediately preceding the Announcement Date and the Latest Practicable Date.

14.2 It is not proposed, in connection with the Exit Offer, that any payment or other benefits be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

14.3 As at the Latest Practicable Date, there are no agreements or arrangements made between any Director and any other person in connection with or which are conditional upon the outcome of the Exit Offer.

14.4 As at the Latest Practicable Date, there are no material contracts entered into by Offeror in which any Director has a material personal interest, whether direct or indirect.

14.5 Save as disclosed in this Circular and save for the information regarding the Company which is publicly available, there has been no material change in any information previously published by or on behalf of the Company since the Announcement Date.

### 15. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Other than those entered into in the ordinary course of business, neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons (as defined in the Note on Rule 23.12 of the Code) within the three years preceding the Announcement Date.

### 16. MARKET QUOTATIONS

16.1 A summary of the closing prices of the Shares on the SGX-ST on a monthly basis from April 2010 to September 2010 is as follows:

#### Closing Price Summary on a Monthly Basis from April 2010 to September 2010

	Closing (S\$)
<b>Month</b>	
April	0.455
May	0.365
June	0.390
July	0.360
August	0.430
September	0.460

Source: Bloomberg L.P.

- 16.2 The closing prices of the Shares on the SGX-ST on (i) the last trading day prior to the Announcement Date was S\$0.47 for each Share; and (ii) 3 December 2010, being the last trading day prior to the Latest Practicable Date as there were no trades on the Latest Practicable Date, was S\$0.53 for each Share.
- 16.3 During the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date:
- (a) the highest closing price of the Shares on the SGX-ST was S\$0.535 transacted on 7 October 2010, 11 October 2010, 29 October 2010, 4 November 2010, 15 November 2010, 23 November 2010 and 25 November 2010; and
  - (b) the lowest closing price of the Shares on the SGX-ST was S\$0.335 transacted on 11 August 2010.

## ADDITIONAL INFORMATION ON THE OFFEROR

### 1. DIRECTORS

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Raymond Chan	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Director
Chan Pau Shiu Yeng Shirley	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Director
Barry John Buttifant	12D Amber Garden 70-72 Kennedy Road Hong Kong	Director

### 2. REGISTERED OFFICE

The registered office of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

### 3. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror was incorporated in the British Virgin Islands in 1996 and is an investment holding company. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$100 divided into 100 shares of US\$1 par value. The Offeror is a direct wholly-owned subsidiary of IDT International.

### 4. FINANCIAL INFORMATION

4.1 A summary of the profit and loss accounts of the Offeror for FY2008, FY2009 and FY2010 is set out below:

	FY2010 HK\$'M	FY2009 HK\$'M	FY2008 HK\$'M
Dividend income and other income	6.2	3.2	14.3
General Administrative expenses	0.0	0.0	0.0
Profit and total comprehensive income for the year	6.2	3.2	14.3

4.2 A summary of the balance sheet of the Offeror as at 31 March 2010 is set out below:

	<b>As at 31 Mar 2010 HK\$'M</b>
<b>Non-current assets</b>	
Investment in a subsidiary	97.4
<b>Current assets</b>	
Amount due from a fellow subsidiary	217.0
Bank balance	0.0
	217.0
<b>Current liabilities</b>	
Other payables	0.0
Amount due to an immediate holding company	201.4
Amount due to a fellow subsidiary	22.5
	223.9
<b>Net current liabilities</b>	(6.9)
<b>Net assets</b>	90.5
<b>Capital and reserves</b>	
Share Capital	0.0
Reserve	90.5
Total equity	90.5

## 5. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of making and financing the Exit Offer and making and financing of purchases of Shares up to the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since 31 March 2010, being the date to which the Offeror's last unaudited accounts were made up.

## 6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are the same as the policies of IDT International, as set out in Note 3 to the audited consolidated financial statements of IDT International for FY2010, copies of which are available for inspection at the principal place of business in Hong Kong of IDT International at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

## 7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there is no change in the accounting policies of the Offeror which will cause the financial information disclosed in this Circular to be not comparable to a material extent.

## 8. DISCLOSURE OF INTERESTS

8.1 Save as disclosed below, as at the Latest Practicable Date, none of the Offeror, the directors of the Offeror or the Concert Parties, owns or controls or has agreed to acquire any Shares or securities which carry voting rights in the Company or are convertible into Shares or securities which carry voting rights in the Company, or rights to subscribe for, or options in respect of, such Shares or securities (collectively, the "**Company Securities**").

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
Offeror	136,736,874	77.86	–	–
IDT International	–	–	136,736,874	77.86
Dr Raymond Chan <sup>(1)</sup>	–	–	136,736,874	77.86
Mrs Chan Pau Shiu Yeng Shirley <sup>(2)</sup>	–	–	136,736,874	77.86
Integrated Display Technology Limited <sup>(3)</sup>	–	–	136,736,874	77.86

**Notes:**

- (1) Dr Raymond Chan is a director of the Company, the Offeror and IDT International. Further, Dr Raymond Chan is, by virtue of his interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (2) Mrs Chan Pau Shiu Yeng Shirley is a director of the Company, the Offeror and IDT International. Further, Mrs Chan Pau Shiu Yeng Shirley is, by virtue of her interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (3) Integrated Display Technology Limited is a company incorporated in the British Virgin Islands and wholly-owned by Dr Raymond Chan.
- (4) Based on a total of 175,612,624 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Concert Parties do not have any interest, direct or indirect, in Shares.

- 8.2 Save as disclosed below, none of the Offeror, the directors of Offeror, or the other Concert Parties have dealt for value in any Company Securities during the period commencing on 5 July 2010, being the date falling three months prior to the Announcement Date, and ending on the Latest Practicable Date.

Name of Relevant Person	Nature of Dealing (12 August 2010)	Nature of Dealing (28 September 2010)
Offeror		
IDT International	Acquisition of 10,130,000 Shares <sup>(4)</sup> by the Offeror	Acquisition of 1,008,000 Shares <sup>(5)</sup> by the Offeror
Dr Raymond Chan <sup>(1)</sup>	for a consideration of S\$0.4792 per Share by way of a married trade effected on 12 August 2010	for a consideration of S\$0.4520 per Share by way of a married trade effected on 28 September 2010
Mrs Chan Pau Shiu Yeng Shirley <sup>(2)</sup>		
Integrated Display Technology Limited <sup>(3)</sup>		

**Notes:**

- (1) Dr Raymond Chan is a director of the Company, the Offeror and IDT International. Further, Dr Raymond Chan is, by virtue of his interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (2) Mrs Chan Pau Shiu Yeng Shirley is a director of the Company, the Offeror and IDT International. Further, Mrs Chan Pau Shiu Yeng Shirley is, by virtue of her interests in IDT International, deemed to be interested in the Shares held by the Offeror.
- (3) Integrated Display Technology Limited is a company incorporated in the British Virgin Islands and wholly-owned by Dr Raymond Chan.
- (4) This represents 5.77% of the total of 175,612,624 Shares as at the Latest Practicable Date.
- (5) This represents 0.57% of the total of 175,612,624 Shares as at the Latest Practicable Date.

8.3 Neither the Offeror nor the Concert Parties have received any irrevocable undertaking from any party to accept or reject the Exit Offer.

## 9. GENERAL

9.1 As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (a) the Offeror or the Concert Parties and (b) any of the current or recent directors of the Company or any of the current or recent shareholders of the Company having any connection with or dependence upon the Exit Offer.

9.2 As at the Latest Practicable Date:

- (a) there is no agreement, arrangement or understanding whereby any Shares acquired pursuant to the Exit Offer will be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related companies (within the meaning of Section 6 of the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it;
- (b) there is no agreement, arrangement or understanding for any payment or other benefit to be made or given by the Offeror or IDT International to any director of the Company or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Exit Offer;
- (c) there is no agreement, arrangement or understanding between (a) the Offeror and (b) any director of the Company in connection with or conditional upon the outcome of the Exit Offer or is otherwise connected with the Exit Offer; and
- (d) neither the Offeror nor the Concert Parties have entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, or whatever nature, relating to the Offer Shares which may be an inducement to deal or refrain from dealing in the Offer Shares.

9.3 Save as disclosed in this Circular, as at the Latest Practicable Date, there have been no material changes to the information previously published by or on behalf of the Offeror since the Announcement Date.

## 10. MATERIAL CHANGES IN THE FINANCIAL POSITION OF THE COMPANY

Save as disclosed in this Circular and in publicly available information on the Group (including, but not limited to, announcements released by the Group in respect of its financial results), as at the Latest Practicable Date, there have been, within the knowledge of the Offeror, no known material changes in the financial position of the Company since 31 March 2010, being the date to which the Company's last published audited accounts were made up.

## 11. RESPONSIBILITY STATEMENT FROM DIRECTORS OF OFFEROR

The directors of the Offeror (including any director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular in so far as they relate solely to the Offeror, are fair and accurate and that no material facts relating solely to the Offeror have been omitted from this Circular, and they jointly and severally accept responsibility accordingly.

Where any information in this Circular relating solely to the Offeror (other than those relating to EYCF, the Company and IDT International and in **Appendices 1, 2 and 4** for which EYCF, the Company and IDT International have taken responsibility respectively) has been extracted from published or publicly available sources, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

## ADDITIONAL INFORMATION ON IDT INTERNATIONAL

### 1. DIRECTORS

The names, addresses and descriptions of the directors of IDT International as at the Latest Practicable Date are as follows:

Name	Address	Description
Raymond Chan	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Chairman
Barry John Buttifant	12D, Amber Garden 70-72 Kennedy Road Hong Kong	Executive Director and Group Chief Executive Officer
Chan Pau Shiu Yeng Shirley	Apartment E10 Woodland Heights 2 Wong Nei Chung Gap Rd Hong Kong	Executive Director
Lo Kai Yiu Anthony	2a&2b, Hong Villa 12 Bowen Road Hong Kong	Independent Non-Executive Director
Kao Ying Lun	Suite 1802, 18 <sup>th</sup> Floor May Tower, 7 May Road Mid-Levels Hong Kong	Independent Non-Executive Director
Jack Schmuckli	Seestrasse 96 8712 Stäfa Switzerland	Independent Non-Executive Director
Kenichi Ohmae	Ohmae@work Bldg., 601 1-7 Rokubancho, Chiyoda-ku Tokyo 102-0085 Japan	Independent Non-Executive Director

### 2. REGISTERED OFFICE

The registered office of IDT International is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

### 3. PRINCIPAL ACTIVITIES

IDT International was incorporated in Bermuda in 1990 and is listed on The Stock Exchange of Hong Kong Limited. IDT International is a leader in the design, development, manufacturing, marketing and distribution of lifestyle consumer electronic products in the categories of LCD consumer electronics, electronic learning and telecommunications.

#### 4. FINANCIAL INFORMATION

4.1 A summary of the consolidated statement of comprehensive income of IDT International for FY2008, FY2009, FY2010 and 1H 2011 is set out below:

	1H 2011 (unaudited) HK\$'M	FY2010 (audited) HK\$'M	FY2009 (audited) HK\$'M	FY2008 (audited) HK\$'M
Turnover	814.4	1,394.9	1,720.7	2,112.5
Cost of goods sold	(551.5)	(903.9)	(1,088.3)	(1,358.5)
Gross profit	262.9	491.0	632.4	754.0
Other income	6.6	33.1	41.4	71.3
Research and development costs	(42.9)	(84.6)	(89.2)	(89.0)
Distribution and selling expenses	(146.5)	(286.5)	(332.9)	(415.9)
General administrative expenses	(73.5)	(235.4)	(197.4)	(233.7)
Interest on bank and other borrowings wholly repayable within five years	(3.7)	(9.3)	(15.8)	(24.0)
Profit / (loss) before taxation	2.9	(91.7)	38.5	62.7
Taxation	(3.4)	(63.3)	(7.2)	(41.5)
(Loss) / profit for the period / year	(0.5)	(155.0)	31.3	21.2
Other comprehensive income / (expenses):				
Exchange differences arising on translation of foreign operations	3.6	16.3	(72.5)	(7.1)
Total comprehensive income / (expenses) for the period / year	3.1	(138.7)	(41.2)	14.1
(Loss) / profit for the period / year attributable to:				
Owners of the company	(1.8)	(138.2)	24.6	17.5
Non-controlling interests	1.3	(16.8)	6.7	3.7
	(0.5)	(155.0)	31.3	21.2
Total comprehensive income / (expenses) attributable to:				
Owners of the company	1.8	(122.0)	(47.0)	9.8
Non-controlling interests	1.3	(16.7)	5.8	4.3
	3.1	(138.7)	(41.2)	14.1
(Loss) / earnings per share				
- Basic and diluted (HK cents)	(0.07)	(5.53)	0.98	0.70
Dividends per Share	-	-	-	-

The summary financial information should be read together with the audited consolidated financial statements of IDT International for the relevant years and related notes thereto, as set out in the annual reports of IDT International, and the unaudited consolidated financial statements of IDT International for 1H 2011, copies of which are available for inspection at the principal place of business in Hong Kong of IDT International at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

4.2 A summary of the consolidated statement of financial position for IDT International as at 31 March 2010 and 30 September 2010 is set out below:

	As at 30 Sept 2010 (unaudited) HK\$'M	As at 31 March 2010 (audited) HK\$'M
<b>Non-current assets</b>		
Property, plant and equipment	147.9	171.1
Intangible assets	50.1	60.0
Goodwill	33.8	33.9
Deferred tax assets	38.4	38.1
	270.2	303.1
<b>Current assets</b>		
Inventories	324.5	207.3
Trade and other receivables	444.6	274.8
Tax reserve certificate	–	–
Taxation recoverable	0.7	0.9
Held for trading investments	24.6	9.9
Forward contract assets	–	0.1
Short-term bank deposits	87.9	158.6
Bank balances and cash	522.8	524.0
	1,405.1	1,175.6
<b>Current liabilities</b>		
Trade and other payables and accruals	411.3	249.8
Bill payables	1.2	0.8
Obligations under finance leases due within one year	0.7	1.4
Forward contract liabilities	7.4	–
Taxation payable	7.9	20.5
Bank loans due within one year	265.7	185.1
Bank overdrafts	–	6.7
	694.2	464.3
<b>Net current assets</b>	710.9	711.3
<b>Total assets less current liabilities</b>	981.1	1,014.4
<b>Non-current liabilities</b>		
Bank loans due after one year	183.4	188.7
Deferred tax liabilities	12.4	13.2
	195.8	201.9
<b>Net assets</b>	785.3	812.5
<b>Capital and reserves</b>		
Share capital	250.2	250.2
Reserves	388.4	375.3
Equity attributable to owners of the company	638.6	625.5
Non-controlling interests	146.7	187.0
<b>Total equity</b>	785.3	812.5

The summary financial information should be read together with the audited consolidated financial statements of IDT International for FY2010 and the related notes thereto, as set out in the 2010 annual report of IDT International, and the unaudited consolidated financial statements of IDT International for 1H 2011, copies of which are available for inspection at the principal place of business in Hong Kong of IDT International at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

**5. MATERIAL CHANGES IN FINANCIAL POSITION**

Save as disclosed in the unaudited consolidated financial statements of IDT International for 1H 2011, there have been no known material changes in the financial position of IDT International since 31 March 2010, being the date to which IDT International's last published audited accounts were made up.

**6. SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of IDT International is set out in Note 3 to the audited consolidated financial statements of IDT International for FY2010, as set out in the 2010 annual report of IDT International, copies of which are available for inspection at the principal place of business in Hong Kong of IDT International at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

**7. CHANGES IN ACCOUNTING POLICIES**

As at the Latest Practicable Date, there is no change in the accounting policies of IDT International which will cause the financial information disclosed in this Circular to be not comparable to a material extent.

**8. RESPONSIBILITY STATEMENT FROM DIRECTORS OF IDT INTERNATIONAL**

The directors of IDT International (including any director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular in so far as they relate solely to IDT International, are fair and accurate and that no material facts relating solely to IDT International have been omitted from this Circular, and they jointly and severally accept responsibility accordingly.

Where any information in this Circular relating solely to IDT International (other than those relating to EYCF, the Company and the Offeror and in **Appendices 1, 2 and 3** for which EYCF, the Company and the Offeror have taken responsibility respectively) has been extracted from published or publicly available sources, the sole responsibility of the directors of IDT International has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR 1H 2011**

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

**IDT HOLDINGS (SINGAPORE) LIMITED**

**Second Quarter and Half Year Financial Statement And Dividend Announcement  
For The Six Months Ended September 30, 2010**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

**1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Notes	The Group					
		6 months ended September 30			3 months ended September 30		
		2010	2009	Change	2010	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	
<b>Revenue</b>		368,031	294,040	25	218,591	189,318	15
<b>Cost of sales</b>		(301,947)	(231,237)	31	(177,803)	(146,896)	21
<b>Gross profit</b>		66,084	62,803	5	40,788	42,422	(4)
Other operating income	A	3,602	5,864	(39)	2,382	2,500	(5)
Selling and distribution costs		(10,402)	(10,517)	(1)	(5,933)	(5,240)	13
Administrative costs		(35,484)	(32,299)	10	(18,005)	(16,366)	10
Research and development costs		(18,796)	(16,217)	16	(10,508)	(8,345)	26
Finance cost (interest expense)		-	-	-	-	-	-
<b>Profit before tax</b>	B	5,004	9,634	(48)	8,724	14,971	(42)
Income tax credit (expense)	C	615	(985)	NM	(216)	(2,401)	(91)
<b>Profit for the period</b>		5,619	8,649	(35)	8,508	12,570	(32)
<b>Other comprehensive income</b>							
Translation reserve		194	1,439	(87)	1,431	574	149
<b>Total comprehensive income for the period</b>		5,813	10,088	(42)	9,939	13,144	(24)
<b>Profit attributable to:</b>							
Owners of the Company		5,619	8,649	(35)	8,508	12,570	(32)
Non-controlling interests		-	-	-	-	-	-
		5,619	8,649	(35)	8,508	12,570	(32)
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		5,813	10,088	(42)	9,939	13,144	(24)
Non-controlling interests		-	-	-	-	-	-
		5,813	10,088	(42)	9,939	13,144	(24)

**Notes:**

	The Group					
	6 months ended September 30			3 months ended September 30		
	2010	2009	Change	2010	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
A Other operating income :						
Interest income	503	579	(13)	223	191	17
Sales of moulds	958	4,689	(80)	531	1,953	(73)
Foreign exchange adjustment gain	-	-	-	(425)	-	NM
Other income	2,141	596	259	2,053	356	477
	3,602	5,864	(39)	2,382	2,500	(5)
B Profit before tax is arrived at after charging :						
Research and development expenses						
- Amortisation of development costs	(5,492)	(4,195)	31	(3,675)	(2,553)	44
- Research and development expenditure expensed off	(13,304)	(12,022)	11	(6,833)	(5,792)	18
	(18,796)	(16,217)	16	(10,508)	(8,345)	26
Depreciation expense	(11,457)	(10,899)	5	(5,749)	(5,455)	5
Loss on disposal of property, plant and equipment	(68)	(715)	(90)	(10)	(9)	11
Foreign exchange adjustment loss	(1,301)	(839)	55	(1,726)	(679)	154
Allowance for inventories	(1,513)	(2,197)	(31)	(312)	(1,243)	(75)
C Income tax credit (expense) : <i>Note 1</i>						
Current taxation	(2,022)	(2,316)	(13)	(2,352)	(2,823)	(17)
Overprovision in prior years	1,838	-	NM	1,838	-	NM
	(184)	(2,316)	(92)	(514)	(2,823)	(82)
Deferred taxation	799	1,331	(40)	298	422	(29)
	615	(985)	NM	(216)	(2,401)	(91)

NM - Not Meaningful

**Note 1:**

The Company is not a tax resident in Singapore under Singapore Income Tax Act (Chapter 134) on the basis that control and management of its business is not exercised in Singapore. Its operations are carried out wholly outside Singapore. As such, it has no Singapore-sourced income. It did not remit nor is deemed to have remitted any foreign-sourced income into Singapore for both financial periods. Accordingly, there is no income tax payable in Singapore.

Foreign income tax is calculated at the rates prevailing in the respective jurisdictions.

As indicated in previous financial statements in relation to the settlement proposal submitted to the Hong Kong Inland Revenue Department ("HK IRD") on one of the Group's subsidiaries, the HK IRD accepted the Group's settlement proposal. The total tax charged for the years of assessment from 1997/98 to 2008/09 was HK\$57.7 million and a compound penalty of HK\$11.5 million was also incurred. The Group has made adequate provision in last financial year.

As indicated in previous financial statements, the Group received additional assessment totaling HK\$9.2 million (S\$1.64 million) relating to years of assessment 2003, 2005 and 2006 raised by the Inland Revenue Authority of Singapore ("IRAS") to the Company in relation to its share buy-backs made in previous years. The Company has lodged an objection against the additional assessments. Notwithstanding the objection, the tax of S\$1.64 million has been paid to IRAS in January 2010 and recognised as income tax expense in profit or loss in last financial year.

**1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	At 30/09/2010	At 31/03/2010	At 30/09/2010	At 31/03/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>				
<b>Current assets :</b>				
Cash and cash equivalents	234,824	375,359	-	-
Short-term bank deposit with original maturity more than three months	246,056	158,573	-	-
Trade receivables	201,429	140,332	-	-
Other receivables and prepayments	10,879	8,530	593,687	595,193
Inventories	91,663	37,642	-	-
<b>Total current assets</b>	<b>784,851</b>	<b>720,436</b>	<b>593,687</b>	<b>595,193</b>
<b>Non-current assets :</b>				
Investment in subsidiaries	-	-	42,504	42,504
Plant and equipment	47,495	54,517	-	-
Development costs	6,611	8,800	-	-
<b>Total non-current assets</b>	<b>54,106</b>	<b>63,317</b>	<b>42,504</b>	<b>42,504</b>
<b>Total assets</b>	<b>838,957</b>	<b>783,753</b>	<b>636,191</b>	<b>637,697</b>
<b>Liabilities and equity</b>				
<b>Current liabilities :</b>				
Trade and other payables	164,255	101,280	983	1,437
Income tax payable	5,666	18,451	-	-
<b>Total current liabilities</b>	<b>169,921</b>	<b>119,731</b>	<b>983</b>	<b>1,437</b>
<b>Non-current liability :</b>				
Deferred tax liabilities	3,427	4,226	-	-
<b>Capital, reserves and non-controlling interests :</b>				
Share capital	214,725	214,725	214,725	214,725
Reserves	450,840	445,027	420,483	421,535
Equity attributable to owners of the Company	665,565	659,752	635,208	636,260
Non-controlling interests	44	44	-	-
<b>Total equity</b>	<b>665,609</b>	<b>659,796</b>	<b>635,208</b>	<b>636,260</b>
<b>Total liabilities and equity</b>	<b>838,957</b>	<b>783,753</b>	<b>636,191</b>	<b>637,697</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30/9/2010		As at 31/3/2010	
Secured	Unsecured	Secured	Unsecured
HK\$	HK\$	HK\$	HK\$
0	0	0	0

**Amount repayable after one year**

As at 30/9/2010		As at 31/3/2010	
Secured	Unsecured	Secured	Unsecured
HK\$	HK\$	HK\$	HK\$
0	0	0	0

**Details of any collateral**

None

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group			
	6 months ended September 30		3 months ended September 30	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities :</b>				
Profit before tax	5,004	9,634	8,724	14,971
Adjustments for :				
Depreciation expense	11,457	10,899	5,749	5,455
Allowance for inventories	1,513	2,197	312	1,243
Amortisation of development costs	5,492	4,195	3,675	2,553
Interest income	(503)	(579)	(223)	(191)
Loss on disposal of plant and equipment	68	715	10	9
Operating profit before working capital changes	23,031	27,061	18,247	24,040
Trade receivables	(61,097)	(73,489)	(30,418)	(73,511)
Other receivables and prepayments	(2,349)	(8,671)	4,269	(9,809)
Inventories	(55,534)	(26,685)	(24,129)	(8,286)
Trade and other payables	62,975	72,054	(1,446)	55,163
Cash used in operations	(32,974)	(9,730)	(33,477)	(12,403)
Interest received	503	579	223	191
Income tax paid	(14,807)	-	(14,807)	-
Income tax refunded	1,838	-	1,838	-
Net cash used in operating activities	(45,440)	(9,151)	(46,223)	(12,212)
<b>Cash flows from investing activities :</b>				
Increase in short term bank deposits with original maturity more than three months	(87,483)	-	(58,166)	-
Purchase of plant and equipment	(4,640)	(2,947)	(3,809)	(2,257)
Development costs incurred	(3,303)	(4,210)	(1,974)	(2,226)
Proceeds on disposal of plant and equipment	137	764	22	2
Net cash used in investing activities	(95,289)	(6,393)	(63,927)	(4,481)
<b>Cash flows from financing activity :</b>				
Dividends paid, representing net cash used in financing activity	-	(9,427)	-	(9,427)
Net decrease in cash and bank balances	(140,729)	(24,971)	(110,150)	(26,120)
Cash and cash equivalents at beginning of period	375,359	522,570	343,543	524,584
Net effect of exchange rate changes on the balance of cash held in foreign currencies	194	1,439	1,431	574
<b>Cash and cash equivalents at end of period</b>	<b>234,824</b>	<b>499,038</b>	<b>234,824</b>	<b>499,038</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Reserves			Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Translation reserve	Retained earnings	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>							
Balance at April 1, 2010	214,725	3,331	441,696	445,027	659,752	44	659,796
Total comprehensive income for the period	-	194	5,619	5,813	5,813	-	5,813
Balance at September 30, 2010	214,725	3,525	447,315	450,840	665,565	44	665,809
<b>THE COMPANY</b>							
Balance at April 1, 2009	214,725	3,201	510,474	513,675	728,400	45	728,445
Total comprehensive income for the period	-	1,439	8,649	10,088	10,088	-	10,088
Final dividend paid in respect of the previous financial year	-	-	(9,427)	(9,427)	(9,427)	-	(9,427)
Balance at September 30, 2009	214,725	4,640	509,696	514,336	729,061	45	729,106

	Reserves		
	Share capital	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000
<b>THE COMPANY</b>			
Balance at April 1, 2010	214,725	421,535	636,260
Total comprehensive loss for the period	-	(1,052)	(1,052)
Balance at September 30, 2010	214,725	420,483	635,208
Balance at April 1, 2009	214,725	493,486	708,211
Total comprehensive loss for the period	-	(1,262)	(1,262)
Final dividend paid in respect of the previous financial year	-	(9,427)	(9,427)
Balance at September 30, 2009	214,725	482,797	697,522

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the three months ended September 30, 2010.

- (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	Number of ordinary shares	
	September 30, 2010	March 31, 2010
Issued and fully paid-up	175,612,624	175,612,624

- (iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

There were neither any treasury shares in issue nor any sale, transfer, disposal, cancellation and / or use of treasury share as at September 30, 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial position of IDT Holdings (Singapore) Limited (the "Company") and its subsidiaries (the "Group") as at September 30, 2010 and the results, cash flows and changes in equity of the Group for the six month period ended September 30, 2010 presented in this announcement have not been audited but have been reviewed by Deloitte & Touche LLP in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity*.

The financial position of the Company as at September 30, 2010, changes in equity of the Company for the six month period ended September 30, 2010 and September 30, 2009, the results and cash flows of the Group for the second quarter ended September 30, 2010 and September 30, 2009 and first half year ended September 30, 2009 and the changes in equity for the Group's first half year ended September 30, 2009 have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The financial statements have been reported on in accordance with the Singapore Code on Take-overs and Mergers.

Please see the Independent Auditors' Report on the Condensed Consolidated Interim Financial Statements for the six month period ended September 30, 2010 on page 16 to page 17\* of this announcement.

The auditors, Deloitte & Touche, LLP have given and have not withdrawn their consent for the inclusion of the "Independent Auditors' Report on the Condensed Consolidated Interim Financial Statements for the Six Month Period Ended September 30, 2010" as set out on pages 16 and 17\* to the Second Quarter and Half Year Financial Statement and Dividend Announcement for the Six Months Ended September 30, 2010 (the "Announcement") to the Singapore Exchange Securities Trading Limited in the form and context in which they appear in the Announcement.

\* These pages refer to pages 77 and 78 of this Circular respectively

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation in the preparation of the financial statements are consistent with the latest audited financial statements for the year ended March 31, 2010 except as disclosed in paragraph 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new / revised Singapore Financial Reporting Standards (FRSs) that are applicable for the annual financial period beginning on or after April 1, 2010. The following are the new or amended FRSs that are relevant to the Group.

FRS 27 (Revised in 2009)     *Consolidated and Separate Financial Statements*  
 FRS 103 (Revised)         *Business Combinations*

The adoption of the above FRSs does not result in any substantial changes to the Group's accounting policies and methods of computation nor any significant impact on the financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	6 months ended September 30		3 months ended September 30	
	2010	2009	2010	2009
Earnings per ordinary share for the period based on net profit for the period				
(a) Based on existing issued share capital	3.2 HK Cents	4.9 HK Cents	4.8 HK Cents	7.2 HK Cents
(b) On a fully diluted basis	3.2 HK Cents	4.9 HK Cents	4.8 HK Cents	7.2 HK Cents
Number of ordinary shares in issue				
Weighted average number of ordinary shares for the purpose of basic earnings per share	175,612,624	175,612,624	175,612,624	175,612,624
Weighted average number of ordinary shares for the purpose of diluted earnings per share	175,612,624	175,612,624	175,612,624	175,612,624

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	The Group		The Company	
	At 30/09/2010	At 31/03/2010	At 30/09/2010	At 31/03/2010
Net assets value per ordinary share based on issue share capital at the end of the period/year	379.0 HK Cents	375.7 HK Cents	361.7 HK Cents	362.3 HK Cents
Number of ordinary shares in issue	175,612,624	175,612,624	175,612,624	175,612,624

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**Financial performance for the three months ended September 30, 2010**

The Group recorded a 15% increase in revenue to HK\$218.6 million (2009/10: HK\$189.3 million). Although sales increased, profit before tax was decreased by 42% to HK\$8.7 million (2009/10: HK\$15.0 million) mainly owing to a decrease in gross margin ratio.

The sales increased mainly due to the sales to ODM/OEM customers increased by 35%.

Sales to Europe increased by 29% to HK\$109.5 million (2009/10: HK\$84.9 million). Sales to the America increased by 13% to HK\$41.5 million (2009/10: HK\$36.6 million) while sales to Asia Pacific remained largely unchanged at HK\$67.6 million (2009/10: HK\$67.8 million).

Europe became the largest regional market accounting for 50% (2009/10: 45%) of the Group's turnover whilst Asia Pacific decreased to 31% (2009/10: 36%) and the America remained at 19% (2009/10: 19%).

Overall gross profit decreased by 4% to HK\$40.8 million. Gross margins decreased to 18.7% (2009/10: 22.4%) mainly because some significant sales orders were promotional items which had a lower gross margin but with large quantity orders.

Other operating income decreased by 5% to HK\$2.4 million mainly because of a decrease in mould-making income. A provision for an interest penalty of HK\$1.8 million relating to the tax case of one of the Group's subsidiaries was made in the last financial year. Since it was not eventually charged by the tax authority, this provision was reversed and treated as "other income" in the current reporting period.

Selling and distribution costs increased by 13% to HK\$5.9 million mainly due to an increase in agency commission to a related corporation for the sales to an American customer and an increase in distribution cost attributed to the increase in turnover. Administrative costs increased by 10% to HK\$18.0 million mainly due to an increase in the ERP system cost; an increase in professional fees; and an increase in staff costs. Research and development costs increased by 26% mainly due to an increase in amortization of product development cost.

Other comprehensive income of HK\$1.4 million related to the change in the translation reserve caused by the appreciation of the Euro currency during the current reporting period.

**Financial performance for the six months ended September 30, 2010**

The Group's revenue was HK\$368.0 million reflecting an increase of 25% as compared to the corresponding period last year (2009/10: HK\$294.0 million). Although revenue increased, with a decrease in gross margins and an increase in operating expenses, profit before tax was only HK\$5.0 million, being 48% lower than the corresponding period last year (2009/10: HK\$9.6 million).

The sales increased because the sales to ODM/OEM customers having increased by 27%, whilst the sales to related companies were 22% higher than that of the corresponding period last year.

Substantial growth in sales was recorded in the European markets. Sales to Europe increased by 53% to HK\$190.0 million (2009/10: HK\$124.3 million). Sales to the America increased by 19% to HK\$68.0 million (2009/10: HK\$57.1 million), whilst sales to Asia Pacific decreased by 2% to HK\$110.0 million (2009/10: HK\$112.6 million).

Europe became the largest regional market accounting for 52% (2009/10: 43%) of the Group's revenue whilst Asia Pacific decreased to 30% (2009/10: 38%) and the America decreased to 18% (2009/10: 19%).

Overall gross profit increased by 5% to HK\$66.1 million. The gross margin decreased to 18.0% (2009/10: 21.4%) as to some sales were promotional orders which had a lower gross margin attributable but involved large quantity orders.

Other operating income decreased by 39% to HK\$3.6 million mainly because of a decrease in mould-making income. A provision for an interest penalty of HK\$1.8 million relating to the tax case of one of the Group's subsidiaries was made in last financial year. Since it was not eventually charged, this provision was reversed and treated as "other income" in the current reporting period.

Administrative costs increased by 10% to HK\$35.5 million mainly due to an increase in the ERP system cost; an increase in professional fees and an increase in staff costs. Research and development costs increased by 16% mainly due to an increase in amortization of product development cost.

Other comprehensive income of HK\$0.2 million related to the change in the translation reserve caused by the depreciation of the Euro currency during the current reporting period.

**Related companies disclosures**

The Company is a subsidiary of IDT International Holdings (BVI) Limited, a company incorporated in the British Virgin Islands. The Company's ultimate holding company is IDT International Limited, a company incorporated in Bermuda. The shares of IDT International Limited are listed on The Stock Exchange of Hong Kong Limited. Related companies refer to the members of the ultimate holding company's group of companies ("IDT International Group").

Some of the Group's transactions and arrangements are between members of the IDT International Group and the effect of these on the basis determined between the parties are reflected in these financial statements. The related company balances are unsecured and are repayable on demand, unless stated otherwise in the financial statements.

Significant related companies transactions during the period:

	Six months ended September 30	
	<u>2010</u>	<u>2009</u>
	HK\$'000	HK\$'000
<u>IDT International Group</u>		
Sales of goods	124,412	101,942
Purchases of goods	21	3
Management fee expense	22,477	22,363
Research and development expense	10,666	11,037
Subcontracting charges income	76	-
Mould income	559	151
Sale commission expense	2,544	2,405
Rental expense	306	237
Interest income	15	6
Sundry income	262	253
Machine lease	771	771

Compensation of directors and key management personnel

The remuneration of directors and other executives during the period was as follows:

	Six months ended September 30	
	<u>2010</u>	<u>2009</u>
	HK\$'000	HK\$'000
Short-term benefits	<u>3,709</u>	<u>4,299</u>

The Company has entered into a management service agreement with a subsidiary of IDT International Group involving management services provided by IDT International Group to the Group. The fees payable for such management services include, among other things, the Group's share of certain executive directors' remuneration of IDT International Group.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Trade receivables balances at September 30, 2010 (55% of which were from related corporations) increased by 44% to HK\$201.4 million (outside parties HK\$90.7 million; related companies HK\$110.7 million) as compared to the position at March 31, 2010 of HK\$140.3 million (outside parties: HK\$58.8 million; related companies: HK\$81.5 million) due to the general level of sales increase. The Days Sales Outstanding for trade receivable balances of September 30, 2010 improved to 83 days as compared to 93 days at March 31, 2010.

Inventories balances increased by 144% to HK\$91.7 million (raw materials: HK\$65.3 million; work-in-progress: HK\$14.5 million; finished goods: HK\$11.9 million) as compared to the position at March 31, 2010 of HK\$37.6 million (raw materials: HK\$29.1 million; work-in-progress: HK\$5.5 million; finished goods: HK\$3.0 million) being a natural build-up in order to meet the sales deliveries for the third quarter. Inventory turnover days was 55 days as compared to 30 days at March 31, 2010.

Owing to the higher receivables and inventories balances, net cash and deposits stood at HK\$480.9 million which was HK\$53.0 million lower than the position at March 31, 2010 (HK\$533.9 million).

Trade and other payables balances at September 30, 2010 increased by 62% to HK\$164.3 million (2010/11: outside parties, accruals and deposit received: HK\$161.4 million; related companies: HK\$2.9 million; 2009/10: outside parties, accruals and deposit received: HK\$101.2 million; related companies: HK\$35,000) mainly due to an increase in purchase of materials.

During the six months ended September 30, 2010, the Group incurred approximately HK\$4.6 million of capital expenditure (2009/10: HK\$2.9 million) mainly for additions to manufacturing plant in The People's Republic of China to upgrade manufacturing capacity.

Income tax payable decreased by HK\$12.8 million to HK\$5.7 million mainly because a tax payment of HK\$14.8 million was made in the current reporting period.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results for second quarter were in line with the previous prospects statement.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Although economic conditions have generally improved, considerable uncertainties and volatility persist in the business environment. The Group remains vigilant in monitoring the business risks and continues to exercise stringent control over operating costs. Management is also actively taking appropriate actions to achieve satisfactory results for the Group.

On October 5, 2010, IDT International Holdings (BVI) Limited (the "Offeror") and the Company jointly announced that the Company had received a proposal from the Offeror to seek voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (the "Delisting Exercise"). The Delisting is proposed to be made pursuant to Rule 1307 and 1309 of the Listing Manual of the SGX-ST. The Delisting is still in progress up to the date of this announcement. As stated in the delisting announcement, following the completion of the Delisting Exercise, the Offeror and IDT International Limited will undertake a comprehensive review of the design and manufacturing businesses of the Company and its subsidiaries. This will assist the Offeror and IDT International Limited in determining the optimal business strategy for the Company and its subsidiaries.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

Type of Dividend  
Dividend Type  
Dividend Amount per Share (in cents) Not applicable  
Optional:- Dividend Rate (in %)  
Tax exempt clause

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None

Type of Dividend  
Dividend Type  
Dividend Amount per Share (in cents) Not applicable  
Optional:- Dividend Rate (in %)  
Tax exempt clause

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the current financial period reported on.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The operations of the Group are in the single business segment of the manufacturing and sales of LCD consumer electronic products. Accordingly, the revenue and profits of the Group are derived from this single business segment.

The Group's Chief Executive Officer, chief operating decision maker of the Group, focused on the Group as a whole for the purpose of resources allocations. Amounts of segment results by geographical locations of the Group are not reviewed by the Chief Executive Officer or otherwise regularly provided to the Chief Executive Officer.

**(a) Analysis by geographical segment information**

The Group operates principally in the People of Republic of China, including Hong Kong.

The Group's revenue from external customers by geographical areas is detailed below:

	<u>The Group</u>	
	<u>6 months ended September 30</u>	
	<u>2010</u>	<u>2009</u>
<u>Revenue</u>	HK\$'000	HK\$'000
Europe	189,962	124,324
America	68,034	57,093
Asia Pacific countries	<u>110,035</u>	<u>112,623</u>
Total	<u>368,031</u>	<u>294,040</u>

(b) Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group is as follows:

	<u>The Group</u>	
	<u>6 months ended September 30</u>	
	<u>2010</u>	<u>2009</u>
<u>Revenue</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Customer A	110,827	93,054
Customer B	40,263	38,870

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15. **A breakdown of sales**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year (HK\$ '000)	Previous Full Year (HK\$ '000)
Ordinary	Not applicable	
Preference		
Total		

**BY ORDER OF THE BOARD**

DR. RAYMOND CHAN  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
November 8, 2010

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended September 30, 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**Raymond Chan**  
Chairman and Chief Executive Officer

**Chan Pau Shiu Yeng, Shirley**  
Executive Director

November 8, 2010

**INDEPENDENT AUDITORS' REPORT ON  
THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2010**

November 8, 2010

The Board of Directors  
IDT Holdings (Singapore) Limited  
3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

Dear Sirs

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of IDT Holdings (Singapore) Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated interim statement of financial position as at September 30, 2010, and the related consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows of the Group for the six month period then ended, and selected explanatory notes.

### **Management's Responsibility for the Condensed Consolidated Interim Financial Statements**

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Statement 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.



INDEPENDENT AUDITORS' REPORT ON  
THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2010 - continued

**Scope of review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FRS 34.

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements on the condensed consolidated financial statements for the six month ended September 30, 2009 and, accordingly, we do not express such assurance on the condensed consolidated financial statements for this period.

Yours faithfully

Public Accountants and  
Certified Public Accountants

Singapore



Ernst & Young Corporate Finance Pte Ltd  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Tel: +65 6535 7777  
Fax: +65 6327 8735  
www.ey.com

UEN 199702967E

8 November 2010

**The Board of Directors**  
**IDT Holdings (Singapore) Limited**  
3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

Dear Sirs:

**PROPOSED VOLUNTARY DELISTING OF IDT HOLDINGS (SINGAPORE) LIMITED (THE  
"COMPANY") PURSUANT TO RULES 1307 AND 1309 OF THE SINGAPORE EXCHANGE  
SECURITIES TRADING LIMITED LISTING MANUAL (THE "PROPOSED DELISTING")**

This letter has been prepared for inclusion in the Company's financial statements for the six-month period ended 30 September 2010 and the circular to the shareholders to be issued by the Company in connection with the Proposed Delisting.

We have examined and discussed the Company's interim financial results for the six-month period ended 30 September 2010 with the management of the Company. We have also considered the report dated 8 November 2010 issued by Deloitte & Touche LLP, the independent auditor of the Company. The interim financial results for the six-month period ended 30 September 2010 is solely the responsibility of the Company's directors (the "**Directors**").

Based on the foregoing, we are of the opinion that the interim financial results for the six-month period ended 30 September 2010 had been made after due and careful enquiry by the Directors.

For the purpose of rendering our opinion, we have relied upon and assumed the accuracy and completeness of all information provided to, or discussed with, us by the management of the Company. Save as provided in this letter, we do not express any other opinion on the interim financial results for the six-month period ended 30 September 2010.

We have provided this letter to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and for no other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

We have given and have not withdrawn our consent to the release of the Company's financial statements for the six-month period ended 30 September 2010 with the inclusion therein of our name and this letter, and all references thereto, in the form and context in which they appear in the Company's financial statements for the six-month period ended 30 September 2010.

Yours faithfully,  
For and on behalf of  
**Ernst & Young Corporate Finance Pte Ltd**

Leslie Koh  
Executive Director

**REVIEW REPORT FROM DELOITTE & TOUCHE ON THE UNAUDITED  
CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 1H 2011**

**Deloitte**<sup>®</sup>

Deloitte & Touche LLP  
Certified Public Accountants  
Unique Entity No. T08LL0721A  
6 Shenton Way #32-00  
DBS Building Tower Two  
Singapore 068809  
Tel: +65 6224 8288  
Fax: +65 6538 6166  
www.deloitte.com

**INDEPENDENT AUDITORS' REPORT ON  
THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2010**

November 8, 2010

The Board of Directors  
IDT Holdings (Singapore) Limited  
3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

Dear Sirs

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of IDT Holdings (Singapore) Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated interim statement of financial position as at September 30, 2010, and the related consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows of the Group for the six month period then ended, and selected explanatory notes.\*

**Management's Responsibility for the Condensed Consolidated Interim Financial Statements**

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Statement 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

\* These refer to the unaudited consolidated financial statements of the group for 1H2011 in Appendix 5 of this Circular.



INDEPENDENT AUDITORS' REPORT ON  
THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2010 - continued

**Scope of review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FRS 34.

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements on the condensed consolidated financial statements for the six month ended September 30, 2009 and, accordingly, we do not express such assurance on the condensed consolidated financial statements for this period.

Yours faithfully

Public Accountants and  
Certified Public Accountants

Singapore

## REVIEW REPORT FROM EYCF ON THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 1H 2011



Ernst & Young Corporate Finance Pte Ltd  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Tel: +65 6535 7777  
Fax: +65 6327 8735  
www.ey.com

UEN 199702967E

8 November 2010

**The Board of Directors**  
**IDT Holdings (Singapore) Limited**  
3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

Dear Sirs:

**PROPOSED VOLUNTARY DELISTING OF IDT HOLDINGS (SINGAPORE) LIMITED (THE  
"COMPANY") PURSUANT TO RULES 1307 AND 1309 OF THE SINGAPORE EXCHANGE  
SECURITIES TRADING LIMITED LISTING MANUAL (THE "PROPOSED DELISTING")**

This letter has been prepared for inclusion in the Company's financial statements for the six-month period ended 30 September 2010 and the circular to the shareholders to be issued by the Company in connection with the Proposed Delisting.

We have examined and discussed the Company's interim financial results for the six-month period ended 30 September 2010 with the management of the Company. We have also considered the report dated 8 November 2010 issued by Deloitte & Touche LLP, the independent auditor of the Company. The interim financial results for the six-month period ended 30 September 2010 is solely the responsibility of the Company's directors (the "**Directors**").

Based on the foregoing, we are of the opinion that the interim financial results for the six-month period ended 30 September 2010 had been made after due and careful enquiry by the Directors.

For the purpose of rendering our opinion, we have relied upon and assumed the accuracy and completeness of all information provided to, or discussed with, us by the management of the Company. Save as provided in this letter, we do not express any other opinion on the interim financial results for the six-month period ended 30 September 2010.

We have provided this letter to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and for no other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

We have given and have not withdrawn our consent to the release of the Company's financial statements for the six-month period ended 30 September 2010 with the inclusion therein of our name and this letter, and all references thereto, in the form and context in which they appear in the Company's financial statements for the six-month period ended 30 September 2010.

Yours faithfully,  
For and on behalf of  
**Ernst & Young Corporate Finance Pte Ltd**

A handwritten signature in black ink, appearing to be 'Leslie Koh', written over a white background.

Leslie Koh  
Executive Director

## GENERAL INFORMATION

### 1. GENERAL

- 1.1 The Memorandum and Articles of Association of the Company do not contain any restrictions on the right to transfer the Offer Shares, which has the effect of requiring holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any person.
- 1.2 All costs and expenses of or incidental to the preparation and circulation of this Circular will be paid by the Company, and all costs and expenses of or incidental to the preparation and circulation of the Exit Offer Letter and Acceptance Form(s), stamp duty (if any) and transfer fees resulting from acceptances of the Exit Offer will be paid by the Offeror and/or IDT International.

### 2. CONSENTS

- 2.1 CIMB has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references to itself, in the form and context in which they appear in this Circular.
- 2.2 EYCF has given and not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its letter dated 13 December 2010 relating to its advice to the Independent Directors, and its review report on the unaudited consolidated financial statements for 1H 2011 dated 8 November 2010, and references to its name and its letter dated 13 December 2010 and its review report dated 8 November 2010, in the form and context in which they appear in this Circular.
- 2.3 Deloitte & Touche has given and not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its review report on the unaudited consolidated financial statements for 1H 2011 dated 8 November 2010, and references to its name and its review report dated 8 November 2010, in the form and context in which they appear in this Circular.

### 3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for FY2008, FY2009 and FY2010;
- (c) the letter from the Offeror to the Company dated 5 October 2010 in respect of the Delisting Proposal;
- (d) the letter from EYCF to the Independent Directors dated 13 December 2010 set out in **Appendix 1** to this Circular;
- (e) the unaudited consolidated financial statements for the Group for 1H 2010 dated 12 November 2009;
- (f) the unaudited consolidated financial statements for the Group for 1H 2011 dated 8 November 2010 set out in **Appendix 5** to this Circular;
- (g) the review report from Deloitte & Touche on the unaudited consolidated financial statements of the Group for 1H 2011 dated 8 November 2010 set out in **Appendix 6** to this Circular;
- (h) the review report from EYCF on the unaudited consolidated financial statements of the Group for 1H 2011 dated 8 November 2010 set out in **Appendix 7** to this Circular; and
- (i) the letters of consent referred to in paragraph 2 above.



## IDT HOLDINGS (SINGAPORE) LIMITED

(Incorporated in Singapore)  
Company Registration No. 199600219E

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of IDT Holdings (Singapore) Limited (the “**Company**”) will be held at Meeting Room 310, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 January 2011 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution which will be proposed as an Ordinary Resolution:

#### ORDINARY RESOLUTION

##### Approval for the Voluntary Delisting of the Company

That:

- (a) the voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under Rules 1307 and 1309 of the SGX-ST Listing Manual (the “**Delisting Proposal**”) pursuant to which the Exit Offer (as defined in the circular to shareholders dated 13 December 2010 (the “**Circular**”)) would be made to shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
- (b) the Directors of the Company and each of them be authorised and empowered to complete and to do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Resolution as they or he shall deem fit in the interests of the Company.

By Order of the Board

**Lim Tiong Beng**  
Company Secretary

Singapore, 13 December 2010

#### Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.
- (3) An instrument appointing the proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof, must be lodged at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time fixed for the Extraordinary General Meeting.



# IDT HOLDINGS (SINGAPORE) LIMITED

(Incorporated in Singapore)  
Company Registration No. 199600219E

## PROXY FORM

The Company Secretary  
IDT Holdings (Singapore) Limited  
3 Anson Road  
#27-01  
Springleaf Tower  
Singapore 079909

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of the abovenamed Company hereby appoint the following person(s):

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies, **or if no proxy is named, the Chairman of the Meeting**, to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held at Meeting Room 310, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 January 2011 at 2.30 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Extraordinary General Meeting.)

No.	RESOLUTION	For	Against
1.	Ordinary Resolution: Approval for the Voluntary Delisting of the Company		

Dated this ..... day of .....

Total number of Shares held

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

Proxy Form (continued)



## IMPORTANT: PLEASE READ NOTES BELOW

### Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 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 a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him and such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Extraordinary General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time appointed for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.





# IDT INTERNATIONAL HOLDINGS (BVI) LIMITED

(Incorporated in the British Virgin Islands)  
Company Registration No. 176224

13 December 2010

To: The Shareholders of IDT Holdings (Singapore) Limited

Dear Sir/Madam

## PROPOSED VOLUNTARY DELISTING OF IDT HOLDINGS (SINGAPORE) LIMITED – EXIT OFFER LETTER

### 1. INTRODUCTION

- 1.1 IDT Holdings (Singapore) Limited (the “**Company**”) is convening an Extraordinary General Meeting (the “**EGM**”) scheduled to be held on 12 January 2011 to seek the approval of the Shareholders of the Company (the “**Shareholders**”) for the voluntary delisting of the Company (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).
- 1.2 A copy of the Circular to Shareholders dated 13 December 2010 issued by the Company in relation to the Delisting (the “**Circular**”) is despatched to Shareholders together with this Exit Offer Letter and the relevant Acceptance Form(s). Copies of the Circular and this Exit Offer Letter are also available at the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).
- 1.3 Subject to the approval of the Delisting by Shareholders, IDT International Holdings (BVI) Limited (the “**Offeror**”), a wholly owned subsidiary of IDT International Limited (“**IDT International**”), will make an exit offer (the “**Exit Offer**”) to acquire all the issued ordinary shares (“**Shares**”) in the capital of the Company, other than those held by the Offeror, its related corporations and their respective nominees (the “**Offer Shares**”).

This Exit Offer Letter contains the terms and conditions of the Exit Offer.

**Please note that the Exit Offer is conditional on the approval of the resolution to be proposed at the EGM to approve the Delisting (the “Delisting Resolution”). If you are in any doubt about the Exit Offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.**

- 1.4 All terms and references used in this Exit Offer Letter and the Circular and which are defined or construed in the Circular, but are not defined or construed in this Exit Offer Letter, shall have the same meaning and construction as defined in the Circular. All references to a time of day or date in this Exit Offer Letter are references to Singapore time and dates, unless otherwise stated.

### 2. THE EXIT OFFER

- 2.1 The Offeror hereby makes the offer to acquire all the Offer Shares on the terms and subject to the conditions set out in the Circular and this Exit Offer Letter (including the Acceptance Form(s)), and on the following basis:

- (a) The consideration for the Exit Offer will be:

**For each Offer Share: S\$0.54 in cash (the “Exit Offer Price”).**

Shareholders may accept the Exit Offer in respect of all or part of their holdings of Offer Shares.

- (b) The Exit Offer will be extended to any Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with the Offeror in connection with the Exit Offer. For the purposes of the Exit Offer, the expression “**Offer Shares**” shall include such Shares.

- (c) The Offer Shares will be acquired fully paid, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights, benefits and entitlements attached thereto as at 5 October 2010 (the “**Announcement Date**”), being the date of the joint announcement issued by the Offeror and the Company of the proposal to seek the Delisting, and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date.
- (d) Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an irrevocable warranty of the foregoing Paragraph 2.1(c) by that Shareholder for each Offer Share in respect of which the Exit Offer is accepted, and is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof.
- (e) The Delisting and the Exit Offer will be conditional upon:
  - (i) approval of the Delisting Resolution by a majority of at least 75 per cent. of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM; and
  - (ii) the Delisting Resolution not being voted against by 10 per cent. or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

All Shareholders, including the Offeror, will be entitled to vote on the Delisting Resolution.

**The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror. The approval of the Delisting Resolution at the EGM does not mean that Shareholders have accepted the Exit Offer. Shareholders should refer to Paragraph 3 and Appendix 1 to this Exit Offer Letter for the action to be taken in respect of the Exit Offer.**

The SGX-ST has advised in its letter dated 30 November 2010 that it does not have any objection to the delisting of the Company subject to the approval of Shareholders for the Delisting Resolution. However, this is not to be taken as an indication of the merits of the Delisting Proposal.

As at 6 December 2010, being the latest practicable date prior to the posting of the Circular (the “**Latest Practicable Date**”), the Offeror holds 136,736,874 Shares, representing approximately 77.86 per cent. of the total number of Shares. The Offeror intends to vote in favour of the Delisting Resolution at the EGM in respect of all its Shares.

- 2.2 The closing date of the Exit Offer is 5.30 p.m. on 26 January 2011 or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the “**Closing Date**”).

Although no extension of the Exit Offer is currently contemplated, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Shares in acceptance of the Exit Offer.

### **3. COURSES OF ACTION AVAILABLE TO SHAREHOLDERS**

#### **3.1 Accept the Exit Offer**

If you choose to accept the Exit Offer, you will receive the Exit Offer Price of S\$0.54 in cash for each Share you tender to the Offeror.

You should complete, sign and return the relevant Acceptance Form(s) which are enclosed with this Exit Offer Letter. Please follow the provisions and instructions stated in this Exit Offer Letter and the relevant Acceptance Form(s).

The procedures for acceptance and settlement of the Exit Offer are set out in **Appendix 1** to this Exit Offer Letter.

### 3.2 **Not Accept the Exit Offer**

If you choose not to accept the Exit Offer, you do not have to take any action.

In such a case, if the Delisting Resolution is approved and the Exit Offer becomes unconditional, you will continue to hold Shares in the Company which will then be an unlisted company, the implications of which are set out in Section 11 of the letter to Shareholders in the Circular.

In the event that the Offeror receives valid acceptances pursuant to the Exit Offer in respect of 90 per cent. or more of the Offer Shares, the Offeror intends to exercise its right under Section 215(1) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), to compulsorily acquire all the Offer Shares of Shareholders who have not accepted the Exit Offer at the Exit Offer Price.

## 4. **INFORMATION ON THE OFFEROR AND IDT INTERNATIONAL**

4.1 The Offeror, a wholly-owned subsidiary of IDT International, was incorporated in the British Virgin Islands in 1996 and is an investment holding company. As at the Latest Practicable Date, the Offeror directly holds 136,736,874 Shares, representing approximately 77.86 per cent. of the total Shares.

4.2 IDT International was incorporated in Bermuda in 1990 and is listed on The Stock Exchange of Hong Kong Limited. IDT International is a leader in the design, development, manufacturing, marketing and distribution of lifestyle consumer electronic products in the categories of LCD consumer electronics, electronic learning and telecommunications.

4.3 Additional information on the Offeror and IDT International is set out in Appendix 3 and Appendix 4 to the Circular respectively.

## 5. **RATIONALE FOR THE DELISTING**

5.1 **Realisation of Investments for Cash at an Attractive Premium.** The Exit Offer presents Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium. Please refer to Paragraph 7 of this Exit Offer Letter for more details on the financial aspects of the Exit Offer.

5.2 **Compliance Costs of Maintaining Listing.** In maintaining its listing status, the Company incurs compliance and associated costs. The Delisting would allow the Company to dispense with expenses relating to the maintenance of a listed status and focus its resources on its business operations.

5.3 **Low Free Float and Low Trading Liquidity of Shares.** As at the Latest Practicable Date, the Offeror owns 136,736,874 Shares representing approximately 77.86 per cent. of the total Shares. This implies a free float of no greater than 22.14 per cent. As stated below, it is unlikely that the Company will raise equity capital in the foreseeable future and it is therefore unlikely that the free float will increase through new share issuance.

The trading liquidity of the Shares has also been low. The Offeror had on 12 August 2010 and 28 September 2010 acquired 10,130,000 Shares and 1,008,000 Shares respectively by way of married trades. On the basis that such married trades were excluded, the average daily trading volume over the twelve-month period immediately preceding the Announcement Date was approximately 61,904 Shares, representing approximately 0.2 per cent. of the total free float of Shares.

5.4 **No Necessity to Access Capital Markets.** The Company has not raised funds through the SGX-ST since January 1999, and is unlikely to require access to the capital markets to finance its operations in the foreseeable future.

## 6. INTENTIONS OF THE OFFEROR AND IDT INTERNATIONAL FOR THE COMPANY

The increased shareholding of the Offeror in the Company following the Delisting would provide IDT International with greater operational flexibility in managing its business activities in the region. The Offeror and IDT International currently have no intention to (a) propose any major changes to the businesses of the Company; (b) redeploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and its subsidiaries.

Following the close of the Exit Offer, the Offeror and IDT International will undertake a comprehensive review of the design and manufacturing businesses of the Company and its subsidiaries. This will assist the Offeror and IDT International in determining the optimal business strategy for the Company and its subsidiaries.

## 7. FINANCIAL ASPECTS OF THE EXIT OFFER

7.1 The Exit Offer Price of S\$0.54 represents:

- (a) a premium of approximately 14.9 per cent. to the last transacted price of S\$0.47 for each Share on the SGX-ST on 4 October 2010, being the last market day the Shares were traded prior to the Announcement Date;
- (b) a premium of approximately 19.0 per cent. to the volume-weighted average price (“VWAP”) of approximately S\$0.45 for each Share on the SGX-ST for the one-month period preceding the Announcement Date;
- (c) a premium of approximately 15.2 per cent. to the VWAP of approximately S\$0.47 for each Share on the SGX-ST for the three-month period preceding the Announcement Date; and
- (d) a premium of approximately 17.1 per cent. to the VWAP of approximately S\$0.46 for each Share on the SGX-ST for the twelve-month period preceding the Announcement Date.

7.2 In addition, Shareholders should note that on 12 August 2010 (the “**Married Trade Date**”), the Offeror acquired 10,130,000 Shares by way of a married trade for a consideration of S\$0.4792 per Share. For illustration purposes, we set out below the premium of the Exit Offer Price to transacted prices in the respective periods prior to the Married Trade Date.

The Exit Offer Price of S\$0.54 represents:

- (a) a premium of approximately 61.2 per cent. to the last transacted price of S\$0.34 for each Share on the SGX-ST on 11 August 2010, being the last market day the Shares were traded prior to the Married Trade Date;
- (b) a premium of approximately 43.3 per cent. to the VWAP of approximately S\$0.38 for each Share on the SGX-ST for the one-month period preceding the Married Trade Date;
- (c) a premium of approximately 46.7 per cent. to the VWAP of approximately S\$0.37 for each Share on the SGX-ST for the three-month period preceding the Married Trade Date; and
- (d) a premium of approximately 18.3 per cent. to the VWAP of approximately S\$0.46 for each Share on the SGX-ST for the twelve-month period preceding the Married Trade Date.

## 8. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Exit Offer of not less than 90 per cent. of the Offer Shares, the Offeror will have the right to compulsorily acquire, at the Exit Offer Price, all the Offer Shares of Shareholders who have not accepted the Exit Offer. The Offeror intends to exercise such right of compulsory acquisition if it becomes entitled to do so.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, comprise 90 per cent. or more of the Shares, Shareholders who have not accepted the Exit Offer have the right to require the Offeror to acquire their Shares at the Exit Offer Price. Shareholders who wish to exercise such a right are advised to seek their own independent advice.

## 9. CONFIRMATION OF FINANCIAL RESOURCES

CIMB Bank Berhad, Singapore Branch (“**CIMB**”) as the financial adviser to the Company confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Exit Offer.

## 10. SHAREHOLDING DISCLOSURES

10.1 As at the Latest Practicable Date, the Offeror holds 136,736,874 Shares, representing approximately 77.86 per cent. of the total number of Shares.

Save as disclosed in the Circular and this Exit Offer Letter, as at the Latest Practicable Date, neither the Offeror nor any party acting or deemed to be acting in concert with the Offeror for the purposes of the Exit Offer, owns or controls or has agreed to acquire any (a) Shares; (b) securities which carry voting rights in the Company; (c) securities which are convertible into Shares or securities which carry voting rights in the Company; or (d) rights to subscribe for, or options in respect of, such Shares or securities (collectively, the “**Company Securities**”).

10.2 Save as disclosed in the Circular, neither the Offeror nor any party acting or deemed to be acting in concert with the Offeror for the purposes of the Exit Offer has dealt for value in any Company Securities commencing on 5 July 2010, being the date falling three months prior to the Announcement Date, and ending on the Latest Practicable Date.

10.3 Neither the Offeror nor any other party acting or deemed to be acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

## 11. OVERSEAS SHAREHOLDERS

11.1 The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable requirements in their own jurisdictions.

Where there are potential restrictions on sending this Exit Offer Letter, the Circular, and the relevant Acceptance Form(s) to any overseas jurisdiction, the Company and the Offeror each reserves the right not to send such documents to the relevant overseas jurisdictions. For the avoidance of doubt, the Exit Offer is made to all Shareholders including those to whom this Exit Offer Letter, the Circular and the relevant Acceptance Form(s) have not been, or will not be, sent.

11.2 It is the responsibility of any Overseas Shareholder who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction.

Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf may be required to pay. In accepting the Exit Offer, each Overseas Shareholder represents and warrants to the Offeror that he is in full compliance with all necessary formalities or legal requirements. Overseas Shareholders who are in doubt about their position should consult their professional advisers in the relevant jurisdiction.

11.3 The Company and the Offeror each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Overseas Shareholder to receive or see such announcement or advertisement.

## 12. GENERAL

12.1 **Copies of Circular and Exit Offer Letter.** Shareholders (including the Overseas Shareholders) may obtain copies of this Exit Offer Letter, the Circular, the relevant Acceptance Form(s) and any related documents, during normal business hours up to the Closing Date from Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909 or The Central Depository (Pte) Limited at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write to IDT International Holdings (BVI) Limited c/o Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909, to request for this Exit Offer Letter, the Circular, the relevant Acceptance Form(s) and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

12.2 **Valid Acceptances.** The Offeror reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of the Offeror at such place or places determined by them otherwise than as stated herein, the Circular or in the FAA or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and in the Circular and instructions printed on the FAA and the FAT.

12.3 **Governing Law and Jurisdiction.** The Exit Offer, this Exit Offer Letter, the FAA and the FAT, and all acceptances of the Exit Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

12.4 **No Third Party Rights.** Unless expressly provided to the contrary in this Exit Offer Letter, the FAA and the FAT, a person who is not a party to any contracts made pursuant to the Exit Offer, this Exit Offer Letter, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

12.5 **Accidental Omission.** Accidental omission to despatch this Exit Offer Letter, the Circular, the FAA and the FAT, or any notice or announcement required to be given under the terms of the Exit Offer, or any failure to receive the same by any person to whom the Exit Offer is made or should be made, shall not invalidate the Exit Offer in any way.

12.6 **Independent Advice.** The views of the Independent Directors and the independent financial adviser (the "IFA") to the Independent Directors on the Exit Offer are available in the Circular. Shareholders may wish to consider their advice before taking any action in relation to the Exit Offer.

12.7 **Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Exit Offer Letter (other than professional fees and other costs incurred or to be incurred by the Company relating to the Exit Offer) and stamp duty and transfer fees resulting from acceptances of the Exit Offer will be paid by the Offeror and/or IDT International.

12.8 **General Information.** Appendix 8 to the Circular sets out additional general information relating to the Exit Offer.

12.9 **Consent by CIMB.** CIMB (as financial adviser to the Company) has given and has not withdrawn its written consent to the issue of this Exit Offer Letter and the Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Exit Offer Letter and the Circular.

12.10 **Caution.** The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

Please read this Exit Offer Letter and the Circular (including the advice of the IFA and the recommendation of the Independent Directors on the Exit Offer) carefully in their entirety.

### 13. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909, during normal business hours for the period for which the Exit Offer remains open for acceptance:

- (a) the Memorandum and Articles of Association of the Offeror;
- (b) the Announcement; and
- (c) the letter of consent referred to in Paragraph 12.9 of this Exit Offer Letter.

### 14. RESPONSIBILITY STATEMENT

The respective directors of the Offeror and IDT International (including any director who may have delegated detailed supervision of this Exit Offer Letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Exit Offer Letter (excluding information relating to the Company) are fair and accurate and that no material facts have been omitted from this Exit Offer Letter, and they jointly and severally accept responsibility accordingly.

Where any information in this Exit Offer Letter has been extracted from published or publicly available sources (including, without limitation, in relation to the Company, its subsidiaries and associated companies), the sole responsibility of the respective directors of the Offeror and IDT International has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Exit Offer Letter.

Yours faithfully  
For and on behalf of  
**IDT International Holdings (BVI) Limited**

**Barry John Buttifant**  
Director

## PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

### 1. EXIT OFFER

#### 1.1 Depositors.

- (a) **Depositors whose Securities Accounts are credited with Shares.** If you have Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Exit Offer Letter together with a FAA.

**Acceptance.** If you wish to accept the Exit Offer, you should:

- (i) complete the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA. In particular, you must state in **Part A** of the FAA, the number of Shares in respect of which you wish to accept the Exit Offer. If you:

- (1) do not specify such number; or
- (2) specify a number which exceeds the number of Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt of the FAA by CDP (“**Date of Receipt**”), provided always that the Date of Receipt is on or before 5.30 p.m. on the Closing Date,

you shall be deemed to have accepted the Exit Offer in respect of all the Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt (or 5.30 p.m. on the Closing Date, if the FAA is received by CDP on the Closing Date);

- (ii) sign the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA; and

- (iii) deliver the completed and signed FAA:

- (1) **by hand** to IDT International Holdings (BVI) Limited c/o The Central Depository (Pte) Limited at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or
- (2) **by post**, in the enclosed pre-addressed envelope at your own risk, to IDT International Holdings (BVI) Limited c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

**in each case so as to arrive not later than 5.30 p.m. on the Closing Date, being 26 January 2011 or such later date(s) as may be announced from time to time by the Offeror.**

- (b) **Depositors whose Securities Accounts will be credited with Shares.** If you have purchased Shares on the SGX-ST, a FAA in respect of such Shares bearing your name and Securities Account number will be sent to you by CDP on behalf of the Offeror, and if you wish to accept the Exit Offer in respect of such Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Shares, complete, sign and return that FAA in accordance with the procedures set out in this Exit Offer Letter and the instructions printed on the FAA.

If you do not receive the FAA, you may obtain a copy upon production of satisfactory evidence that you have purchased the Shares on the SGX-ST, from The Central Depository (Pte) Limited at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807.

**Rejection.** If you purchase Shares on the SGX-ST, your acceptance in respect of such Shares will be rejected if the “Free Balance” of your Securities Account is not credited with such Shares by 5.00 p.m. on the Date of Receipt (or 5.30 p.m. on the Closing Date if the FAA is received by CDP on the Closing Date). None of CDP or the Offeror takes any responsibility or liability in relation to such a rejection, including the consequences of such a rejection.

- (c) **General.** CDP will acknowledge receipt of the FAA if it is submitted by hand at CDP’s counter. No acknowledgement of receipt will be given for FAAs sent by post or deposited into boxes located at CDP’s premises. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares credited to your Securities Account. You can verify such number by CDP Internet Access if you have registered for the CDP Internet Access. Alternatively, you may call personally at CDP with your identity card or passport to verify such number.
- (d) **FAAs received on Saturday, Sunday and public holidays.** For the avoidance of doubt, FAAs which are received on a Saturday, Sunday or public holiday in Singapore will only be processed on the next business day.
- (e) **Suspense Account.** Upon receipt on behalf of the Offeror of the FAA, CDP will transfer the Shares in respect of which you have accepted the Exit Offer from the “Free Balance” of your Securities Account to a “Suspense Account”. Such Shares will be held in the “Suspense Account” until the date of settlement of the consideration of such Shares.
- (f) **Return of Shares.** In the event that the requisite approval of Shareholders for the Delisting Resolution is not obtained, the relevant number of Shares in respect of which you have accepted the Exit Offer will be transferred to the “Free Balance” of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.

## 1.2 Scrip Holders.

- (a) **Shareholders whose Shares are not deposited with CDP.** If you hold Shares which are not deposited with CDP (“in scrip form”), you should receive this Exit Offer Letter together with a FAT.

**Acceptance.** If you wish to accept the Exit Offer, you should:

- (i) complete the FAT in accordance with this Exit Offer Letter and the instructions printed on the FAT. If you:
  - (1) do not specify a number in **Part A** of the FAT; or
  - (2) specify a number which exceeds the number of Shares represented by the attached Share certificate(s),you shall be deemed to have accepted the Exit Offer in respect of the total number of Shares comprised in the Share certificate(s) accompanying the FAT;
- (ii) sign the FAT in accordance with this Exit Offer Letter and the instructions printed on the FAT; and
- (iii) deliver:
  - (1) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
  - (2) the Share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Shares in respect of which you wish to accept the Exit Offer. If you are recorded in the Register as holding Shares but do not have the relevant Share certificate(s) relating to such Shares, you, at your own risk, are required to procure the Company to issue such Share

certificate(s) in accordance with the Memorandum and Articles of Association of the Company and then deliver such Share certificate(s) in accordance with the procedures set out in this Exit Offer Letter; and

- (3) where such Shares are not registered in your name, a transfer form, duly completed and executed by the person in whose name such Share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or any person nominated in writing by the Offeror or a person authorised by either),

**by hand** to IDT International Holdings (BVI) Limited c/o Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909; or

**by post**, in the enclosed pre-addressed envelope at your own risk, to IDT International Holdings (BVI) Limited c/o Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909,

**in each case so as to arrive not later than 5.30 p.m. on the Closing Date, being 26 January 2011 or such later date(s) as may be announced from time to time by the Offeror.**

**Receipt.** No acknowledgement of receipt of any FAT, Share certificate(s), other document(s) of title, transfer form(s) and/or any other document(s) required by the Offeror will be given.

- (b) **FATs received on Saturday, Sunday and public holidays.** For the avoidance of doubt, FATs which are received on a Saturday, Sunday or public holiday in Singapore will only be processed on the next business day.

## 2. GENERAL

- 2.1 **Disclaimer.** The Offeror will be entitled to reject any acceptance which does not comply with this Exit Offer Letter or which is otherwise incomplete, incorrect or invalid in any respect. The Offeror will also be entitled, in its absolute discretion, to deem any acceptance it receives as a valid acceptance, or to disregard any acceptance, or to waive any or all of the requirements for any acceptance. If you wish to accept the Exit Offer, it is your responsibility to ensure that the FAA or FAT is properly completed in all respects and signed and all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, the Registrar and CDP accepts any responsibility or liability for the consequences of such a decision.
- 2.2 **Scrip and Scripless Shares.** If you hold some Shares “in scrip form” and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 1** if you wish to accept the Exit Offer in respect of all such Shares.
- 2.3 **Deposit Time.** If you hold Shares “in scrip form”, the Shares may not be credited into your Securities Account in time for you to accept the Exit Offer if you were to deposit your Share certificate with CDP after the date of the EGM. If you wish to accept the Exit Offer in respect of such Shares, you should complete a FAT and follow the procedures set out in Paragraph 1.2 “Scrip Holders” of this **Appendix 1**.
- 2.4 **Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective address as they appear in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto.

## 3. SETTLEMENT

- 3.1 **Depositors whose Securities Accounts are credited with Shares.** Subject to the Delisting Resolution being passed at the EGM and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in

accordance with the instructions given in this Exit Offer Letter and the FAA (including, without limitation, confirmation satisfactory to the Offeror that the relevant number of Shares tendered by the accepting Shareholders in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time), the Offeror will arrange for remittances for the appropriate amounts to be made through CDP.

In the event that the Delisting Resolution is passed at the EGM, CDP will debit the respective Securities Accounts of the accepting Shareholders with the number of Shares tendered by them in acceptance of the Exit Offer and will (i) in the case of accepting Shareholders who have registered for CDP's direct crediting service, credit such remittances to the designated bank account of such accepting Shareholders, and (ii) in the case of accepting Shareholders who have not registered for CDP's direct crediting service, despatch such remittances in the form of cheques made out in favour to such accepting Shareholders by ordinary post to such accepting Shareholders at their respective addresses as they appear in the records of CDP or in such other manner as such accepting Shareholders may have agreed with CDP for the payment of cash distributions, and at their own risk as soon as practicable and in any event:

- (a) in respect of acceptances of the Exit Offer which are complete in all respects and are received on or before the date on which the Delisting Resolution is passed at the EGM, within 10 days of that date; or
- (b) in respect of acceptances which are complete in all respects and are received after the Delisting Resolution is passed at the EGM, but on or before the Exit Offer closes, within 10 days of the date of such receipt.

CDP will also send by ordinary post to the accepting Shareholders at their respective addresses as they appear in the records of CDP, and at their own risk, notification letters showing the number of Shares which have been debited against their respective Securities Accounts.

**3.2 Shareholders who hold Shares which are not deposited with CDP.** Subject to the Delisting Resolution being passed at the EGM and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Exit Offer Letter and the FAT (including, without limitation, the Share certificates relating to the Shares tendered by accepting Shareholders in acceptance of the Exit Offer), remittances for the appropriate amounts will be despatched to the accepting Shareholders (or their designated agents, as they may direct) by ordinary post and at their own risk, at their respective addresses as they appear in the Register (or to such names and addresses as may be specified by the accepting Shareholders in the FAT), as soon as practicable and in any event:

- (a) in respect of acceptances of the Exit Offer which are complete in all respects and are received on or before the date on which the Delisting Resolution is passed at the EGM, within 10 days of that date; or
- (b) in respect of acceptances which are complete in all respects and are received after the Delisting Resolution is passed at the EGM, but on or before the Exit Offer closes, within 10 days of the date of such receipt.

#### **4. NO RIGHT OF WITHDRAWAL**

**Acceptances of the Exit Offer shall be irrevocable.**

