

Press Release

31 May 2023

Response to The Business Times Article of 29 May 2023

For ease of reference, all capitalised terms used herein shall bear the same meaning as used in the circular to shareholders dated 18 May 2023 (the “Circular”) issued by Golden Energy and Resources Limited (the “Company” or “GEAR”).

We refer to the article “Golden Energy’s delisting: IFA opinion is faulty” (The Business Times, 29 May 2023), in which the author, Mr. Ben Paul (whom we noted has a shareholding interest in GEAR), has alleged that the IFA opinion is faulty for the reasons that (i) the IFA has valued the stake of GEAR in its Indonesia-listed thermal coal arm (“GEMS”) inappropriately in its sum-of-the-parts (SOTP) model; and (ii) the IFA has not provided any analysis on whether the exit offer for GEAR (which takes place after its Indonesian arm has been separated) is fair and reasonable.

With regard to the above, W Capital Markets Pte. Ltd. (“W Capital Markets”), being the IFA appointed by GEAR to provide an opinion in respect of the Proposed Distribution and Exit Offer, wish to categorically refute the allegation that our IFA opinion is faulty and to respond to the above-mentioned points as follows:-

1. Approach taken for the valuation of GEMS Shares

As set out under Section 10.1.3 of the IFA Letter, W Capital Markets has considered the historical share price performance and trading liquidity of the GEMS Shares and has noted, *inter alia*, that:

- (a) the trading liquidity of the GEMS Shares during the 12-month period up to and including the Last Undisturbed Trading Day has been very low with daily trading volume of between approximately 4,600 GEMS Shares and 2,088,700 GEMS Shares and average daily trading volume of only 127,500 GEMS Shares representing 0.029% of the free float of GEMS;
- (b) for the period from the Update Announcement Date up to and including the Latest Practicable Date, trading liquidity of the GEMS Shares decreased further to an average daily trading volume of only 34,285 GEMS Shares, representing approximately 0.008% of the free float of GEMS Shares; and
- (c) the free float and average daily trading volume of GEMS Shares is significantly lower than the average free float and the mean and median average daily trading volume-to-free float respectively of the top 15 companies in the Indonesia SE Energy Index for the same time period.

Accordingly, we are of the view that the market prices of GEMS Shares may not necessarily serve as a meaningful reference point or indication of its fair value. This is also evident and clearly demonstrated from the value of the GEMS Shares pursuant to the GMR Transaction (as set out under Section 10.1.4 of the IFA Letter) where 30% of equity interest in GEMS was transacted between independent parties on 31 August 2022 with a transacted value of IDR3,737 per GEMS Share (which was at a 41.8% discount to its then closing share price of IDR6,425).

Given the low free float and low liquidity of the GEMS Shares, we have therefore adopted the market approach instead to value the GEMS Shares based on the mean and median EV/EBITDA multiples of the Selected GEMS Comparable Companies as set out under Section 10.1.6 of the IFA Letter, which translates to a fair value range of IDR3,773 to IDR4,277 for the GEMS Shares.

2. IFA opinion in respect of the Proposed Distribution and Exit Offer

As set out in the Circular, as the Proposed Distribution and the Proposed Delisting are inter-conditional, shareholders would be entitled to receive either the “Revised GEMS Share Consideration and Cash” or “Revised All Cash Consideration” **both of which will be treated as the exit offer for the purpose of Rule 1309 of the SGX-ST Listing Manual**. Accordingly, W Capital Markets was appointed as the IFA to opine, *inter alia*, on whether the terms of the Proposed Distribution and Exit Offer, **when taken as a single transaction**, are fair and reasonable, and have performed our assessments based on the “Revised GEMS Share Consideration and Cash” or “Revised All Cash Consideration” respectively for the purpose of arriving at our opinion in respect of the Proposed Distribution and Exit Offer, rather than considering the Exit Offer Price of S\$0.181 on a standalone basis. The IFA Letter as contained in the Circular **complies with SGX-ST's directions**, which is to provide an opinion on whether the terms of the Proposed Distribution and Exit Offer, **when taken as a single transaction**, are fair and reasonable.

Whilst we acknowledge that no single method of valuation will be met with universal acceptance and we humbly respect differences in views and opinions, the Board of W Capital Markets would like to put on record that we have always been mindful and use our best endeavours to ensure that we exercise due care, skill and professional judgement in all advisory engagements and firmly believe that our IFA opinion in respect of the Proposed Distribution and Exit Offer is supported by reasonable grounds and assumptions.

Yours sincerely,
For and on behalf of
W Capital Markets Pte. Ltd.

Wayne Lee
Chairman and CEO