CIRCULAR DATED 11 APRIL 2019

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in the Circular.

If you are in any doubt as to the contents of the Circular of the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.

This Circular is circulated to the shareholders of Acesian Partners Limited (the "**Company**"), together with the annual report of the Company for the financial year ended 31 December 2018 ("**Annual Report**"). The purpose of this Circular is to provide shareholders of the Company ("**Shareholders**") with relevant information pertaining to and to seek Shareholders' approval for the proposed renewal of the Share Buy Back Mandate and the proposed renewal of the Interested Person Transactions Mandate (as defined in this Circular) to be tabled at the Annual General Meeting of the Company to be held on 26 April 2019 at 10.00 a.m., at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082.

The Notice of the Annual General Meeting ("**Notice of AGM**") and the proxy form are enclosed with the Annual Report.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular, the Notice of AGM and the proxy form to the purchaser or transferee, or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company's Sponsor has not independently verified the contents of the Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd., Address: 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, Tel: 6381 6757

Terms appearing on the cover of this Circular have the same meanings as defined in this Circular.

ACESIAN PARTNERS LIMITED

(Incorporated in the Republic of Singapore)
(formerly known as "Linair Technologies Limited")
(Company Registration Number: 199505699D)

(A) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND

(B) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

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In this Circular, the following definitions apply throughout unless otherwise stated.

"Act"	:	Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
"AGM"	:	The annual general meeting of the Company to be held on 26 April 2019
"Board"	:	The board of directors of the Company as at the date of this Circular
"Catalist Rules"	:	SGX-ST Catalist Rule Section B: Rules of Catalist, as amended, modified and supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Chern Dar"	:	Chern Dar Enterprise Co. Ltd.
"Circular"	:	This circular to Shareholders dated 11 April 2019
"Company"	:	Acesian Partners Limited
"Constitution"	:	Constitution of the Company, as amended or modified from time to time
"control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial or operating policies of a company
"controlling shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company; or (b) in fact exercises control over the company
"Directors"	:	The directors of the Company as at the date of this Circular and each a "**Director**"
"ETFE"	:	Has the meaning ascribed thereto in Section 3.8
"FY"	:	Financial year ended or ending 31 December
"Group"	:	The Company and its subsidiaries
"interested person transaction(s)"	:	Transactions (within the meaning of Chapter 9 of the Catalist Rules) between an entity at risk and an interested person
"interested person"	:	A director, chief executive officer, or controlling shareholder of the Company, or an associate (as defined in Chapter 9 of the Catalist Rules) of any such director, chief executive officer, or controlling shareholder
"IPT Mandate"	:	The general mandate for mandated IPTs which was previously approved by Shareholders and for which renewal is being sought.
"IPT(s)"	:	Has the meaning ascribed thereto in Section 3.8

"Latest Practicable Date"	:	31 March 2019, being the latest practicable date prior to the printing of this Circular
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NTA"	:	Net tangible assets
"Securities Account"	:	The securities account maintained by a Depositor with CDP
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy Back Mandate"	:	The general and unconditional mandate proposed to be given to the Company for the purchase or acquisition by the company of its issued Shares as more particularly described at Section 2 of this Circular
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
"Shares"	:	Ordinary shares in the share capital of the Company
"subsidiary" or **"subsidiaries"**	:	Has the meaning ascribed to it in Section 5 of the Act
"Substantial Shareholders"	:	Persons who have an interest in one or more voting Shares, and the total votes attaching to that Share or those Shares representing not less than 5.0% of the total votes attaching to all the voting Shares in the Company
"%" or **"per cent"**	:	Per centum or percentage
"S$" or **"cents"**	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

The terms "**treasury shares**", "**subsidiary**", "**subsidiary holding**" and "**related company**" shall have the meaning ascribed to it in the Companies Act.

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

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

The headings in the Circular are inserted for convenience only and shall be ignored in construing the Circular.

Any reference in the Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act or the Catalist Rules or any modification thereof and used in these Circular shall, where applicable, have the same meaning assigned to it under the Act or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in these Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

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

ACESIAN PARTNERS LIMITED

(Incorporated in the Republic of Singapore)
(formerly known as "Linair Technologies Limited")
(Company Registration Number: 199505699D)

Directors:

Neo Gim Kiong *(Non-Executive Chairman and Lead Independent Non-Executive Director)*
Loh Yih *(Managing Director and Executive Director)*
Wong Kok Chye *(Group Chief Operating Officer and Executive Director)*
Qiu Jun (*Business Development Director (China) and Executive Director*)
Ong Chin Lin *(Independent Non-Executive Director)*
Ho Ta-Huang *(Non-Executive and Non-Independent Director)*

Registered Office:

33 Mactaggart Road
#04-00
Singapore 368082

11 April 2019

To: The Shareholders of Acesian Partners Limited

(A) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND

(B) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

Dear Sir/Madam,

1. INTRODUCTION

1.1. The Directors refer to (a) the notice of AGM dated 11 April 2019 ("**Notice of AGM**") accompanying the Annual Report, convening the AGM to be held on 26 April 2019 and (b) Ordinary Resolutions No. 9 and 11 under the heading of "Special Business" set out in the Notice of AGM: The Directors propose to seek Shareholders' approval for the following corporate actions at the AGM:

(a) the proposed renewal of the Share Buy Back Mandate; and

(b) the proposed renewal of the interested person transactions mandate (the "**IPT Mandate**").

1.2. The purpose of this Circular is to explain the reasons for, and provide the Shareholders with, relevant information pertaining to the aforesaid proposals to be tabled at the AGM and to seek Shareholders' approval for the resolutions relating to the same.

1.3. The SGX-ST and the Sponsor assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

Shareholders had adopted the Share Buy Back Mandate at the annual general meeting of the Company held on 30 April 2014, to authorise the Directors to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") on the terms of the Share Buy Back Mandate. The Share Buy Back Mandate was subsequently renewed at the annual general meetings of the Company held on 22 April 2015, 28 April 2016, 28 April 2017 and 26 April 2018. The authority conferred by the Share Buy Back Mandate will expire on 26 April 2019, being the date of the AGM.

2.1 **Authority and Limits of the Share Buy Back Mandate**

The Share Buy Back Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through market purchases ("**Market Purchases**") or off-market purchases on an equal access scheme ("**Off-Market Purchases**") as defined in Section 76C of the Companies Act, Cap. 50 (the "**Act**") of up to a maximum of 10 per cent of the Shares as at the date of the AGM at which the Share Buy Back Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of issued Shares above, any Shares which are held as treasury shares ("**Treasury Shares**") will be disregarded.

For illustrative purposes only, based on the number of issued Shares as at the **Latest Practicable Date**, being 498,498,498 Shares (excluding Treasury Shares and subsidiary holdings, if any), and assuming that no further Shares are issued or purchased and kept as Treasury Shares on or prior to the AGM, no more than 49,849,849 Shares representing 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings, if any) as at the date of the AGM may be bought by the Company pursuant to the Share Buy Back Mandate.

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:-

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes, "**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

"**day of making of the offer**" means the day on which the Company announces its intention to make on Off-Market Purchase from Shareholders, starting the purchase price (which shall not be more than Maximum Price calculated on the forgiving basis). In each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

If renewed, the Share Buy Back Mandate will take effect from the date of the AGM and continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is earlier, unless prior thereto, share purchases are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting.

2.2 **Manner of Purchase of Shares**

Purchases of Shares may be made by way of, *inter alia*:

(a) Market Purchase, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) Off-Market Purchase (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Catalist Rules and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded:

(a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(b) (if applicable) differences in consideration attributable to the fact that the offers relates to Shares with different amounts remaining unpaid; and

(c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share buy back;

(d) the consequences, if any, of Share buy back by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share buy back, if made, would have any effect on the listing of the Company's equity securities on Catalist;

(f) details of any Share buy back made by the Company in the previous 12 months (whether through Market Purchases or Off-Market Purchases in accordance with an equal access scheme), including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant, and the total consideration paid for such purchases.;

(g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3 **Rationale**

The Share Buy Back Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit. The Directors believe that the Share Buy Back Mandate will provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share ("**EPS**") of the Company, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Company or the Group.

2.4 **Source of Funds for Share Buy Back**

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on Catalist for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Act, the Company is solvent if (a) it is able to pay its debts in full at the time of payment and will be able to pay its debts as they fall due in the normal course of business in the 12 months following such date of payment; and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of Shares for purposes of any proposed acquisition or release of the Company's obligations, become less than the value of its liabilities (including contingent liabilities). In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

When Shares are purchased or acquired, and cancelled:

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");

(b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity (for example, share trading volume), listing status and capital adequacy position of the Company and its subsidiaries (the "**Group**") would be materially adversely affected.

The purchase or acquisition of Shares pursuant to the Share Buy Back Mandate will only be undertaken if it can benefit the Company, the Group and Shareholders.

2.5 **Status of Purchased Shares**

2.5.1 **Cancellation**

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX- ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

Accordingly, the total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5.2 **Treasury Shares**

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on treasury shares under the Act are summarized below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares ("**Treasury Shares Limit**").

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

(iv) Announcement under the Catalist Rules

Under the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares held by it stating the following:

(a) Date of the sale, transfer, cancellation and/or use;

(b) Purpose of such sale, transfer, cancellation and/or use;

(c) Number of treasury shares sold, transferred, cancelled and/or used;

(d) Number of treasury shares before and after such sale, transfer, cancellation and/or use;

(e) Percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) Value of the treasury shares if they are used for a sale or transfer, or cancelled.

Where Shares purchased pursuant to the Share Buy Back Mandate are held as Treasury Shares, the number of such Shares to be held as Treasury Shares, when aggregated with the existing Treasury Shares held, shall not, subject to the Act, exceed the Treasury Shares Limit at any time.

2.6 **Illustrative Financial Effects**

2.6.1 The financial impact on the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Buy Back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or retained profits of the Company, the aggregate number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held as Treasury Shares or cancelled.

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for financial year ended 31 December 2018 ("**FY2018**") and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's Shares, the Company may not necessarily buy back or be able to buy back 10% of the Shares in full.

2.6.2 **Financial Effects of the Share Buy Back Mandate**

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the Purchase Prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

The Purchase Price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

The proposed Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or net tangible assets ("**NTA**") value per Share of the Group. The financial effects presented in this Section of this Addendum are based on the assumptions set out below:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 498,498,498 issued Shares (excluding Treasury Shares and subsidiary holdings, if any).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 498,498,498 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the AGM, the purchase by the Company of 10% of its Shares will result in the purchase of 49,849,849 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 49,849,849 Shares at the Maximum Price of S$0.014 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,849,849 Shares is approximately S$0.7 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 49,849,849 Shares at the Maximum Price of S$0.016 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,849,849 Shares is approximately S$0.8 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

(i) the Share Buy Back Mandate had been effective on 1 January 2018; and

(ii) such Share purchases are funded solely by internal resources and/or borrowing,

the financial effects of the share buy back on the audited consolidated financial results of the Group for FY2018, are set out below:-

(i) Purchases made entirely out of capital and held as Treasury Shares

(a) Market Purchases

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group		Company	
As at 31 December 2018	**(S$'000)**	**(S$'000)**	**(S$'000)**	**(S$'000)**
Shareholders' Funds	13,188	12,490	15,183	14,485
Net Tangible Assets	13,188	12,490	15,183	14,485
Current Assets	24,439	23,741	8,167	7,469
Current Liabilities	12,791	12,791	1,793	1,793
Number of Shares ('000)	498,498	498,498	498,498	498,498
Financial Ratios				
NTA per share (cents)	2.65	2.51	3.05	2.91
Current Ratio (times)	1.91	1.86	4.55	4.17
Basic EPS (cents) [(1)]	0.22	0.22	NM	NM

(b) Off-Market Purchases

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group		Company	
As at 31 December 2018	**(S$'000)**	**(S$'000)**	**(S$'000)**	**(S$'000)**
Shareholders' Funds	13,188	12,390	15,183	14,385
Net Tangible Assets	13,188	12,390	15,183	14,385
Current Assets	24,439	23,641	8,167	7,369
Current Liabilities	12,791	12,791	1,793	1,793
Number of Shares ('000)	498,498	498,498	498,498	498,498
Financial Ratios				
NTA per share (cents)	2.65	2.49	3.05	2.89
Current Ratio (times)	1.91	1.85	4.55	4.11
Basic EPS (cents) [(1)]	0.22	0.22	NM	NM

(ii) Purchases made out of capital and cancelled

(a) Market Purchases

As at 31 December 2018	Before Share Purchase (S$'000)	After Share Purchase (S$'000)	Before Share Purchase (S$'000)	After Share Purchase (S$'000)
	Group		Company	
Shareholders' Funds	13,188	12,490	15,183	14,485
Net Tangible Assets	13,188	12,490	15,183	14,485
Current Assets	24,439	23,741	8,167	7,469
Current Liabilities	12,791	12,791	1,793	1,793
Number of Shares ('000)	498,498	448,648	498,498	448,648
Financial Ratios				
NTA per share (cents)	2.65	2.78	3.05	3.23
Current Ratio (times)	1.91	1.86	4.55	4.17
Basic EPS (cents) (1)	0.22	0.25	NM	NM

(b) Off-Market Purchases

As at 31 December 2018	Before Share Purchase (S$'000)	After Share Purchase (S$'000)	Before Share Purchase (S$'000)	After Share Purchase (S$'000)
	Group		Company	
Shareholders' Funds	13,188	12,390	15,183	14,385
Net Tangible Assets	13,188	12,390	15,183	14,385
Current Assets	24,439	23,641	8,167	7,369
Current Liabilities	12,791	12,791	1,793	1,793
Number of Shares ('000)	498,498	448,648	498,498	448,648
Financial Ratios				
NTA per share (cents)	2.65	2.76	3.05	3.21
Current Ratio (times)	1.91	1.85	4.55	4.11
Basic EPS (cents) (1)	0.22	0.25	NM	NM

Note:

(1) Based on the weighted average number of Shares in issue for FY2018 of 498,498,498 and adjusted for Shares purchase of 49,849,849 Shares.

The financial effects set out above are for illustrative purposes only. Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.7 **Take-over Implications under the Singapore Code on Takeovers and Mergers ("Take-over Code")**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implication arising from any purchase or acquisition by the Company of its Shares are set out below:

2.7.1 **Obligation to make a Take-over Offer**

Pursuant to the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30 per cent or more or, if they, together holding between 30 per cent and 50 per cent of the Company's voting rights, increase their voting rights in the Company by more than 1 per cent in any period of 6 months.

2.7.2 **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the buy back of 10% Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of share buy backs by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

2.8 **Taxation**

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

2.9 **Interested Persons**

The Company is prohibited from knowingly buying Shares on Catalist from an interested person, that is, a Director, the chief executive of the Company or controlling shareholder of the Company or any of their associate, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.10 **Reporting Requirements**

Within 30 days of passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of the resolution with ACRA.

2.11 **Catalist Rules**

2.11.1 As at the Latest Practicable Date, 201,103,199 shares representing 40.36% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10 per cent of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 30.34%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to 10% limit pursuant to the Share Buy Back Mandate without adversely affecting the listing status of the Shares on Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

2.11.2 Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last 5 market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 1 of this Appendix, conforms to this restriction.

Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the number of share cancelled or kept as treasury shares, the Purchase Price per share or the highest price and lowest price per share (as applicable), the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under the Catalist Rules.

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month immediately preceding the announcement of the Company's interim (half-year) results and the annual (full-year) results.

2.12 **Details of the Shares Bought by the Company in the Previous 12 Months**

The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

3.1 Background

Shareholders had previously adopted the IPT Mandate at an extraordinary general meeting of the Company held on 28 October 2015 (the "**2015 EGM**"), such adoption being expressed to take effect until the conclusion of the Company's forthcoming AGM. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed, including the rationale for the renewal and the review procedures implemented by the Company to ensure that the interested person transactions with the Interested Persons covered by the renewed IPT Mandate will be transacted on normal commercial terms, are set out in this Circular for the easy reference of the Shareholders.

3.2 Annual Renewal of the IPT Mandate

The rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the particulars of the Interested Person Transactions and the review procedures for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in the Appendix to this Circular.

Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

3.3 **Chapter 9 of the Catalist Rules**

Chapter 9 of the Catalist Rules governs transactions by the Company with the Interested Persons. When Chapter 9 of the Catalist Rules applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the same Interested Person during the financial year reaches, or exceeds, certain materiality thresholds, the Company is required to make an immediate announcement, or to make an immediate announcement and seek Shareholders' approval for that transaction.

3.4 **Shareholders' Approval**

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the Company at risk to the Interested Persons and hence are excluded from the ambit of Chapter 9 of the Catalist Rules, immediate announcement and/or Shareholders' approval as the case may be would be required in respect of Interested Person Transactions if certain financial thresholds (which are based on the value of the transactions as compared with the Group's latest audited NTA) are reached or exceeded. In particular, Shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

(a) 5% of the Group's latest audited NTA; or

(b) 5% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person during the same financial year.

Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2018, the consolidated NTA of the Group was approximately S$13,188,000. For the purposes of Chapter 9 of the Catalist Rules, 5% of the latest audited NTA of the Group for the financial year ended 31 December 2018 would be approximately S$659,400.

3.5 **General Mandate**

Chapter 9 of the Catalist Rules permits the Company, however, to seek a mandate from the Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the Interested Persons.

3.6 **Audit Committee's Statement**

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:-

(i) the review procedures for Interested Person Transactions set out in the Appendix of this Circular (the "**Review Procedures**") have not changed since Shareholders approved the Shareholders' Mandate at the 2015 EGM; and

(ii) the Review Procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the Review Procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms, and will be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Catalist Rules, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.7 **Disclosure of Interested Persons Transactions pursuant to Shareholders' Mandate**

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders' Mandate for the half yearly and full year financial periods which the Company is required to report on pursuant to the Catalist Rules and within the time required for the announcement of such report.

Disclosure will also be made in the Company's Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders' Mandate during the financial year, and in the Annual Reports for subsequent financial years that the Shareholders' Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

3.8 **Categories of IPTs**

The Group envisages that in the ordinary course of its business and due to increased business demands, a range of supply transactions between the Group and Chern Dar are likely to occur from time to time. Such transactions would include, but are not limited to the purchase of trade products (collectively, the "**IPTs**").

Chern Dar has been manufacturing and supplying the Group with certain stainless steel and galvanised steel products since around year 2001. These products include accessories such as angle flanges, pressed elbows and worm gears, which are not manufactured by the Group.

Chern Dar also manufactures and supplies to the Group stainless steel and galvanised steel products such as the ETFE coated straight ducts, reducers, blind plates and regulating dampers. The Group has made purchases of the aforementioned products from Chern Dar after taking into account the maximum manufacturing capacity of the Group's subsidiaries and their capacity limitations in fulfilling the increased orders of the these products.

4. ABSTENTION FROM VOTING

In accordance with Rule 919 and 920(1)(b)(viii) of the Catalist Rules, the interested person, namely, Chern Dar, will abstain, and will procure that each of its associates will abstain from voting in respect of each of their shareholdings in the Company on the resolution approving the proposed renewal of the IPT Mandate.

Further, Chern Dar and Mr Ho Ta-Huang shall decline, and ensure that its or his associates decline to accept appointment as proxy/proxies to vote at the AGM for other Shareholders in respect of the resolution relating to the proposed renewal of the IPT Mandate unless the Shareholders concerned shall have given specific instructions as to the manner in which his votes are to be cast at the AGM.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares are set out below:

	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (%)[1]
Directors			
Loh Yih[2]	54,300,002	47,449,000	20.41
Qiu Jun	74,600,000	–	14.96
Wong Kok Chye[3]	6,822,000	579,000	1.48
Ong Chin Lin	402,000	–	0.08
Ho Ta-Huang[4]	–	45,583,000	9.14
Substantial Shareholders			
Cavangh Group Pte Ltd	47,380,000	–	9.50
Chern Dar Enterprise Co. Ltd[5]	–	45,583,000	9.14
Kwok Ying Choy[6]	31,203,956	2,649,800	6.79
Oh Boon Shi	33,806,541	–	6.78

Notes:

(1) Calculated based on the Company's issued share capital of 498,498,498 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Mr Loh Yih holds 100% of the shares in Cavangh Group Pte Ltd, and is deemed to be interested in the 47,380,000 Shares held by Cavangh Group Pte Ltd and 69,000 Shares held by his spouse.

(3) Mr Wong Kok Chye is deemed to be interested in the 579,000 Shares held by his spouse.

(4) Mr Ho Ta-Huang is deemed to be interested in the 45,583,000 Shares held by Chern Dar Enterprise Co. Ltd.

(5) The Shares held by Chern Dar Enterprise Co. Ltd are held in the name of RHB Securities Singapore Pte Ltd.

(6) Mr Kwok Ying Choy is deemed to be interested in the 2,649,800 shares held in the name of Phillip Securities Pte Ltd.

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee, save for Mr Ho Ta-Huang, who will abstain from opining on the proposed renewal of the IPT Mandate, having considered, *inter alia*, the terms, the rationale and benefits of the proposed renewal of the IPT Mandate, is satisfied that the terms of the proposed renewal of the IPT Mandate, and the review procedures for interested person transactions, as well as the half year reviews to be made by the Audit Committee in relation thereto, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee confirms that the review procedures under the IPT Mandate have not changed since Shareholders approved its adoption at the Company's 2015 EGM.

7. DIRECTORS' RECOMMENDATION

7.1 The Renewal of the Share Buy Back Mandate

The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company and they recommend that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of AGM.

7.2 **The Renewal of the IPT Mandate**

As the Company's Non-Executive and Non-Independent Director, Mr Ho Ta-Huang, is the founder and Chairman of Chern Dar, he will abstain from making any recommendations on the renewal of the IPT Mandate to be proposed at the AGM to be held on 26 April 2019.

Save as disclosed above, none of the Directors have any interest, direct and indirect, in the proposed renewal of the IPT Mandate.

Having reviewed and considered the guidelines and review procedures in relation to the proposed renewal of the IPT Mandate, the rationale for and benefits of the proposed renewal of the IPT Mandate, the Directors (excluding Mr Ho Ta-Huang) are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and recommend that the Shareholders vote in favour of the Ordinary Resolution 11 approving the proposed renewal of the IPT Mandate as set out in the Notice of AGM.

The Directors, in rendering their recommendation, 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, the Directors recommend that any individual Shareholder who may require specific advice in relation to the proposed renewal of the IPT Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy Back Mandate and the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 33 Mactaggart Road, #04-00, Singapore 368082, during normal business hours, from the date of this Circular up to the date of the AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2018.

Yours faithfully
For and on behalf of the Board of Directors of
ACESIAN PARTNERS LIMITED

Wong Kok Chye
Executive Director and Group Chief Operating Officer

1. CHAPTER 9 OF THE CATALIST RULES

1.1 Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

1.2 Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")), unless the transaction is excluded as described below, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholder's approval for the transaction.

In particular, an immediate announcement is required for an interested person transaction of a value equal to, or exceeding:

(a) 3.0% of the listed company's latest audited consolidated NTA; or

(b) 3.0% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

Further, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5.0% of the listed company's latest audited consolidated NTA; or

(b) 5.0% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

These requirements do not apply to transactions that are below S$100,000 in value or certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Catalist Rules.

1.3 For illustrative purposes, based on the latest audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2018, the consolidated NTA of the Group was S$13,188,000. Accordingly, in relation to the Group, for the purpose of Chapter 9 of the Catalist Rules, in the current financial year Shareholders' approval is required where:

(a) the interested person transaction is of a value equal to, or more than, approximately S$659,400, being 5% of the latest audited consolidated NTA of the Group; or

(b) the interested person transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately S$659,400.

1.4 Chapter 9 of the Catalist Rules, however, allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

1.5 For the purposes of Chapter 9 of the Catalist Rules:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or on an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) "**financial assistance**" includes:

(i) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and

(ii) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another;

(c) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(d) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(e) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(f) an "**approved exchange**" means a stock exchange that has rules which safeguard the interest of shareholders against interested person transactions according to similar principles as Chapter 9;

(g) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(h) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

1.6 Given that the transactions with Chern Dar are expected to be recurrent transactions and may occur at any time, the proposed renewal of the IPT Mandate will allow the Group to undertake such transactions in a more expeditious manner.

1.7 For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the proposed renewal of the IPT Mandate. The proposed renewal of the IPT Mandate will also not cover any transaction by any entity in the Group with an interested person where such transaction is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Finally, transactions with other interested persons (other than the classes of interested persons detailed in Section 2 below) that do not fall within the ambit of the proposed renewal of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

2. CLASSES OF INTERESTED PERSONS

Mr Ho Ta-Huang is a Non-Executive and Non-Independent Director of the Company. He is also the founder and Chairman of Chern Dar, and has a direct interest in 26.38% of the total issued share capital of Chern Dar. Mr Ho Ta-Huang and his brothers own the entire shareholding of Chern Dar. As Mr Ho Ta-Huang and his immediate family have an interest of more than 30% in Chern Dar, Chern Dar is an "interested person" under Rule 904(4) of the Catalist Rules.

The proposed renewal of the IPT Mandate will apply to IPTs that are carried out between (i) any member of the Group (which is the "entity at risk" for purposes of Chapter 9 of the Catalist Rules), and (ii) Chern Dar.

Pursuant to Chapter 9 of the Catalist Rules, for so long as Mr Ho Ta-Huang remains a Director of the Company, and Chern Dar remains an associate of Mr Ho Ta-Huang, Chern Dar will be deemed an "interested person", and any transaction between Chern Dar and any member of the Group will be deemed an "interested person transaction".

3. THE IPT MANDATE

The Company is proposing the renewal of the IPT Mandate, pursuant to Chapter 9 of the Catalist Rules, to enable the Company and its subsidiaries, which are considered to be "entities at risk", to enter in the ordinary course of business into certain types of transactions with specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions as set out in Section 4. The renewal of the IPT Mandate will:

3.1 facilitate entry into the IPTs with the specified classes of interested persons in the ordinary course of the Group's businesses; and

3.2 eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Catalist Rules, to seek Shareholders' approval as and when such transactions with interested persons arise, thereby:

(a) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and

(b) enabling the Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions, particularly given the time-sensitive nature of such transactions.

4. REVIEW PROCEDURES FOR THE IPTS

4.1 Review by the Audit Committee or Board

The Audit Committee will review and approve all IPTs (where necessary) to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or minority Shareholders in any way.

4.2 Review procedures

The Group will establish the following review procedures to ensure that all the IPTs under the proposed IPT Mandate are carried out on normal commercial terms and will not be prejudicial to the interests of the Group or minority Shareholders:

4.2.1 Purchase of trade products

As stated in Section 3.8 of this Circular, it is envisaged that the Group may enter into contracts for a range of supply transactions with Chern Dar from time to time. These may include but are not limited to the purchase of trade products.

All contracts entered into or transactions with interested persons are to be carried out at the prevailing market prices, determined by market conditions on terms which are no more favourable to the interested persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices, rates or discounts accorded to a class of customers or for long-term contracts where the giving of such preferential prices, rates or discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing.

Where the prevailing market prices or rates are not available due to the nature of the trade products to be purchased and the then prevailing business conditions, the Company will determine and assess a reasonable price to ensure that the price for such trade products purchased from interested persons is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. The reasonable price as determined by the Company shall be subject to the Audit Committee's concurrence for those orders that are material and in accordance to the Group's contracts and transactions thresholds as stated below. In determining the transaction price or rate payable to interested persons for such products, factors such as, but not limited to, specifications, customer requirements, duration of contract, and credit worthiness will be taken into consideration.

Notwithstanding the aforementioned, prior approval will have to be obtained for contracts and transactions in accordance with the following thresholds:

(a) contracts and transactions amounting to less than S$50,000 in value to be reviewed and approved by the Group Financial Controller or the Group Chief Operating Officer;

(b) contracts and transactions amounting to or exceeding S$50,000 but less than S$600,000 in value to be reviewed and approved by the Group Financial Controller and any one (1) of the Directors or Group Chief Operating Officer (who does not have an interest in the contracts and/or transactions); or

(c) contracts and transactions amounting to or exceeding S$600,000 in value to be reviewed and approved by the Audit Committee and the Board of Directors.

4.2.2 Additional review procedures

Apart from the abovementioned procedures, to ensure that all future IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Group or minority Shareholders, the following additional review procedures in respect of transactions other than the abovementioned, will be implemented by the Group:

(a) when purchasing any products from an interested person, two (2) other quotations from non-interested persons will be obtained for comparison to ensure that the interests of the Group or minority Shareholders are not disadvantaged. The purchase price or fee for the products shall not be higher than the most competitive price or fee of the two (2) other quotations from non-interested persons. In determining the most competitive price, all pertinent factors, including but not limited to quality, technical requirements, technical specifications, production time, delivery time and schedule, credit terms and track record will be taken into consideration;

(b) where it is not possible to obtain two (2) other quotations from non-interested persons, the Group's pricing for such products to be purchased from the interested person will be determined by the Group chief executive officer and the chief financial officer or equivalent of the relevant company in the Group, who has no interest in the IPTs, in accordance with the Group's usual business practices and policies. In determining the transaction price payable to the interested person for such products, factors such as, but not limited to, quality, technical requirements, technical specifications, production time, delivery time and schedule, credit terms and track record will be taken into account; and

(c) in addition, the Company shall monitor all IPTs entered into by the Group and categorise these transactions as follows:

(i) a Category 1 IPT is one where the value thereof, when aggregated with the values of all other transactions entered into with the same interested person, is in excess of 5.0% of the NTA based on the latest audited financial statements of the Group; and

(ii) a Category 2 IPT is one where the value thereof, when aggregated with the values of all other transactions entered into with the same interested person, is below or equal to 5.0% of the NTA based on the latest audited financial statements of the Group.

4.2.3 All Category 1 IPTs equal or above S$100,000 must be approved by the Audit Committee prior to entry whereas Category 2 IPTs need not be approved by the Audit Committee prior to entry but shall be reviewed on a quarter-yearly basis by the Audit Committee.

4.2.4 The Audit Committee will review all IPTs, if any, on a quarterly basis, to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. In the event that a member of the Audit Committee is interested in any such transaction, he will abstain from participating in the deliberation, review and approval process in relation to that particular transaction.

4.2.5 The Company shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register to record all IPTs, the respective interested person for the IPTs and its associates. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

4.2.6 The Company's internal auditors' internal audit plan will incorporate a review of all the IPTs at least once every half year in its audit planning. The internal audit report will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor IPTs have been complied with.

4.2.7 The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that IPTs are conducted on normal commercial terms, on an arm's length basis and do not prejudice the Group's interests and the interests of Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the methods or procedures for determining transaction prices become inappropriate, the Company will obtain a fresh general mandate from Shareholders based on revised methods or procedures to determine transaction prices that will ensure that IPTs will be on normal commercial terms, on an arm's length basis and not prejudicial to the Group's interests and the interests of Shareholders.

4.2.8 In addition, the Audit Committee will include the review of IPTs as part of the standard procedures while examining the adequacy of the Company's internal controls. The Board will also ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if required by the Catalist Rules.

5. VALIDITY OF THE PROPOSED RENEWAL OF THE IPT MANDATE

If approved by Shareholders at the AGM, the proposed renewal of the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, and will apply to IPTs entered into from the date of receipt of the Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the IPTs.

6. DISCLOSURE

Pursuant to Chapter 9 of the Catalist Rules, the Company will disclose in its annual report the aggregate value of the IPTs conducted under the proposed renewal of the IPT Mandate during the financial year, and in the annual reports for the subsequent financial years during which the proposed renewal of the IPT Mandate is in force.

In addition, the Company will announce the aggregate value of IPTs conducted pursuant to the proposed IPT Mandate for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in the Catalist Rules.