

## APPENDIX TO SHAREHOLDERS DATED 8 APRIL 2015

### THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Appendix is circulated to Shareholders of Sheng Siong Group Ltd. (the “**Company**”) together with the Company’s annual report for the financial year ended 31 December 2014 (the “**Annual Report 2014**”). Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders’ approval for, the renewal of the Share Buyback Mandate to be tabled at the annual general meeting of the Company to be held on 23 April 2015 at 10.00 a.m. at 6 Mandai Link, Singapore 728652.

The ordinary resolution proposed to be passed in respect of the above matter is set out in the Notice of the annual general meeting. The Notice of the annual general meeting and a proxy form are enclosed with the Annual Report 2014.

Your attention is drawn to page 21 of this Appendix in respect of actions to be taken if you wish to attend and vote at the annual general meeting.

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 Appendix.

If you have sold all your Shares (as defined in this Appendix), you should immediately forward this Appendix, the Annual Report 2014 and proxy form to the purchaser, or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

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



## APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

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## DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

<b>“2014 AGM”</b>	:	The annual general meeting of the Company held on 24 April 2014
<b>“2015 AGM”</b>	:	The annual general meeting of the Company to be held on 23 April 2015 at 10.00 a.m. at 6 Mandai Link, Singapore 728652, notice of which is enclosed with the Annual Report 2014
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“Annual Report 2014”</b>	:	The annual report of the Company for the financial year ended 31 December 2014
<b>“Approval Date”</b>	:	Has the meaning ascribed to it in Section 1.3.1 of this Appendix
<b>“Associates”</b>	:	Shall bear the meaning assigned to it by the Listing Manual
<b>“Average Closing Price”</b>	:	Has the meaning ascribed to it in Section 1.3.4 of this Appendix
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Sheng Siong Group Ltd.
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or  (b) in fact exercises control over a company
<b>“Directors”</b>	:	Directors of the Company for the time being
<b>“EPS”</b>	:	Earnings per Share
<b>“FY2014”</b>	:	The financial year ended 31 December 2014
<b>“Group”</b>	:	The Company and its subsidiaries

<b>“Latest Practicable Date”</b>	:	27 March 2015, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended, varied or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Market Purchase”</b>	:	Has the meaning ascribed to it in Section 1.3.3(a) of this Appendix
<b>“Maximum Price”</b>	:	Has the meaning ascribed to it in Section 1.3.4 of this Appendix
<b>“Memorandum”</b>	:	The Memorandum of Association of the Company
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Purchase”</b>	:	Has the meaning ascribed to it in Section 1.3.3(b) of this Appendix
<b>“Relevant Period”</b>	:	The period commencing from the date the last AGM was held or was required by law to be held before the resolution relating to the renewal of the Share Buyback Mandate is passed, and expiring on the date the next AGM is or required by law to be held, whichever is the earlier, after the said resolution is passed
<b>“Securities Account”</b>	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Buyback”</b>	:	The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate
<b>“Share Buyback Mandate”</b>	:	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in this Appendix
<b>“Shareholders”</b>	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term <b>“Shareholders”</b> shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SIC”</b>	:	The Securities Industry Council

- “subsidiaries”** : The subsidiaries of a company (as defined in Section 5 of the Companies Act) and **“subsidiary”** shall be construed accordingly
- “Substantial Shareholder”** : A person who holds directly or indirectly 5% or more of the issued voting shares in capital of the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as varied or supplemented from time to time

*Currencies and others*

- “S\$”, “\$” and “cents”** : Singapore dollars and cents respectively
- “%” or “per cent”** : Per centum or percentage

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively by Section 130A of the Companies Act. The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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.

Words importing persons include corporations.

Any reference to a time of a day in this Appendix is a reference to Singapore time unless otherwise stated.

# SHENG SIONG GROUP LTD.

(Incorporated in Singapore on 10 November 2010)  
(Company Registration No.: 201023989Z)

## Directors:

Mr. Lim Hock Eng (Executive Chairman)  
Mr. Lim Hock Chee (Chief Executive Officer)  
Mr. Lim Hock Leng (Managing Director)  
Mr. Tan Ling San (Executive Director)  
Mr. Goh Yeow Tin (Lead Independent Director)  
Mr. Jong Voon Hoo (Independent Director)  
Mr. Francis Lee Fook Wah (Independent Director)  
Mr. Lee Teck Leng Robson (Non-Executive Director)

## Registered Office:

6 Mandai Link  
Singapore 728652

8 April 2015

To: The Shareholders of Sheng Siong Group Ltd.

## THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

Dear Shareholder,

### 1. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

#### 1.1 Introduction

The purpose of this Appendix is to provide Shareholders with relevant information pertaining to, and to seek Shareholders' approval at the 2015 AGM to be held on 23 April 2015 for, *inter alia*, the renewal of the Share Buyback Mandate.

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Memorandum and Articles of Association of the Company and such other laws and regulations as may for the time being be applicable.

At the 2014 AGM, the Shareholders had approved the Share Buyback Mandate to enable the Company to purchase or otherwise acquire Shares. Unless the Share Buyback Mandate is renewed, it will expire on the date of the 2015 AGM.

In this regard, approval is now being sought from Shareholders for the renewal of the Share Buyback Mandate at the 2015 AGM. An ordinary resolution will be proposed, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its shares on the terms of the Share Buyback Mandate.

If approved, the renewal of the Share Buyback Mandate will take effect from the date of the 2015 AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

The SGX-ST takes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

## 1.2 Rationale

The Directors are of the view that a Share Buyback, conducted at an appropriate price level, may enhance the return on equity of the Group and increase Shareholders' value. Share Buybacks are a cost-efficient and effective method of returning to the Shareholders surplus cash over and above the Company's ordinary capital requirements, and provide the Directors greater flexibility over the Company's capital structure with a view to enhancing the earnings and/or NTA value per Share.

The Directors are also of the view that Share Buybacks may help mitigate the effect on the Company's share price which may be caused by short-term market volatility, speculative activities as well as bolster the confidence of Shareholders.

If and when circumstances permit, the Directors will decide whether to effect the Share Buybacks via market purchases or off-market purchases, after taking into account the amount of cash available and the prevailing market conditions. The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that may, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the capital expenditure and the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

## 1.3 Terms of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

### 1.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the date of the 2015 AGM at which the renewal of the Share Buyback Mandate is approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary shares of the Company shall be taken to be the number of the issued ordinary share capital of the Company as altered, excluding any treasury shares that may be held by the Company from time to time). Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

**For illustrative purposes only**, assuming that the Company has 1,503,537,000 issued Shares (excluding treasury shares) as at the Latest Practicable Date and assuming that there is no change in the number of Shares as at the Approval Date, not more than 150,353,700 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

### 1.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the Share Buybacks are carried out to the full extent permitted under the Share Buyback Mandate; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

### 1.3.3 Manner of purchase of Shares

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

- (a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) and 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 Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.



In addition, the Listing Manual 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 Buyback;
- (d) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buyback, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any Share Buyback made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

#### 1.3.4 Maximum Purchase Price

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 (5) Market Days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## **1.4 Status of purchased Shares under the Share Buyback Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

## **1.5 Treasury shares**

Under the Companies 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 Companies Act are summarised below:

### **1.5.1 Maximum holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

In the event that the number of treasury shares held by the Company exceeds 10% of the total number of issued Shares, the Company shall dispose of or cancel the excess Shares within six (6) months of the day on which such contravention occurs, or such further period as the Registrar of Companies may allow.

### **1.5.2 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 Companies 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. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

### **1.5.3 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 employee's 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.

Pursuant to Rule 704(28) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, including the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) 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
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

#### **1.6 Sources of funds for Share Buyback**

The Companies Act permits the Company to purchase its own Shares out of capital, as well as from its distributable profits, provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

- (a) the likelihood of the contingency occurring; and
- (b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buyback Mandate.

## 1.7 Financial effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2014 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2014 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share, gearing and current ratio of the Group and the Company; and
- (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

### 1.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

### 1.7.2 Number of Shares acquired or purchased

**For illustrative purposes only**, on the basis of 1,503,537,000 Shares (excluding treasury shares) in issue as at the Latest Practicable Date, and assuming that there is no change in the number of Shares as at the Approval Date, the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 150,353,700 Shares.

### 1.7.3 Maximum price paid for Shares acquired or purchased

*In the case of Market Purchases by the Company:*

Assuming the Company purchases or acquires 150,353,700 Shares at the maximum price of S\$0.821 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the five (5)

Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 150,353,700 Shares is approximately S\$123.4 million.

*In the case of Off-Market Purchases by the Company:*

Assuming the Company purchases or acquires 150,353,700 Shares at the maximum price of S\$0.938 for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 150,353,700 Shares is approximately S\$141.0 million.

#### 1.7.4 Illustrative financial effects

**For illustrative purposes only**, and on the basis of the assumptions set out below, the financial effects of the:

- (i) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and
- (ii) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2014 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Appendix.

### Scenario 1(A)

Market Purchases of 150,353,700 Shares out of capital and held as treasury shares

As at 31 December 2014	Group		Company	
	Before the Share Buyback S\$'000	After the Share Buyback S\$'000	Before the Share Buyback S\$'000	After the Share Buyback S\$'000
Shareholders' Equity	236,275	112,835	261,167	137,727
Treasury Shares	–	123,440	–	123,440
NTA	236,275	112,835	261,167	137,727
Current Assets	184,360	60,920	183,286	59,846
Current Liabilities	106,543	106,543	353	353
Working Capital	-52,653	-52,653	182,547	59,107
Total Borrowings <sup>(1)</sup>	–	–	–	–
Cash and Cash Equivalents <sup>(1)</sup>	130,470	7,030	386	386
Net Profit/(Loss)	47,602	46,577	42,535	41,510
Number of Shares excluding treasury shares	1,503,537,000	1,353,183,300 <sup>(2)</sup>	1,503,537,000	1,353,183,300 <sup>(2)</sup>
Weighted Average Number of Shares	1,423,537,000	1,281,183,300 <sup>(2)</sup>	1,423,537,000	1,281,183,300 <sup>(2)</sup>
<b><u>Financial Ratios</u></b>				
NTA per Share (S\$ cents)	15.71	8.34	17.37	10.18
Basic EPS (S\$ cents) <sup>(3)</sup>	3.34	3.64	2.99	3.24
Gearing (%) <sup>(4)</sup>	–	–	–	–
Current Ratio (times) <sup>(5)</sup>	1.73	0.57	519.22	169.53

**Notes:**

- (1) Assuming that the Share Buyback will be funded by internal resources.
- (2) Number of Shares excludes 150,353,700 Shares that are held as treasury shares and assumes no change in the number of Shares on or prior to the date of the 2015 AGM.
- (3) EPS is computed based on FY2014 net profit/(loss) attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Scenario 1(B)

*Off-Market Purchases of 150,353,700 Shares out of capital and held as treasury shares*

As at 31 December 2014	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Equity	236,275	95,243	261,167	120,135
Treasury Shares	–	141,032	–	141,032
NTA	236,275	95,243	261,167	120,135
Current Assets	184,360	53,890	183,286	42,254
Current Liabilities	106,543	117,105	353	10,915
Working Capital	-52,653	-63,215	182,547	30,953
Total Borrowings <sup>(1)</sup>	–	10,562	–	–
Cash and Cash Equivalents <sup>(1)</sup>	130,470	–	386	386
Net Profit/(Loss)	47,602	46,431	42,535	41,364
Number of Shares excluding treasury shares	1,503,537,000	1,353,183,300 <sup>(2)</sup>	1,503,537,000	1,353,183,300 <sup>(2)</sup>
Weighted Average Number of Shares	1,423,537,000	1,281,183,300 <sup>(2)</sup>	1,423,537,000	1,281,183,300 <sup>(2)</sup>
<b><u>Financial Ratios</u></b>				
NTA per Share (S\$ cents)	15.71	7.04	17.37	8.88
Basic EPS (S\$ cents) <sup>(3)</sup>	3.34	3.62	2.99	3.23
Gearing (%) <sup>(4)</sup>	–	11.1	–	–
Current Ratio (times) <sup>(5)</sup>	1.73	0.46	519.22	3.87

**Notes:**

- (1) Assuming that the Share Buyback will be funded by internal resources/borrowings.
- (2) Number of Shares excludes 150,353,700 Shares that are held as treasury shares and assumes no change in the number of Shares on or prior to the date of the 2015 AGM.
- (3) EPS is computed based on FY2014 net profit/(loss) attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Scenario 2(A)

*Market Purchases of 150,353,700 Shares out of capital and cancelled*

As at 31 December 2014	Group		Company	
	Before the Share Buyback S\$'000	After the Share Buyback S\$'000	Before the Share Buyback S\$'000	After the Share Buyback S\$'000
Shareholders' Equity	236,275	112,835	261,167	137,727
NTA	236,275	112,835	261,167	137,727
Current Assets	184,360	60,920	183,286	59,846
Current Liabilities	106,543	106,543	353	353
Working Capital	-52,653	-52,653	182,547	59,107
Total Borrowings <sup>(1)</sup>	–	–	–	–
Cash and Cash Equivalents <sup>(1)</sup>	130,470	7,030	386	386
Net Profit/(Loss)	47,602	46,577	42,535	41,510
Number of Shares excluding treasury shares	1,503,537,000	1,353,183,300 <sup>(2)</sup>	1,503,537,000	1,353,183,300 <sup>(2)</sup>
Weighted Average Number of Shares	1,423,537,000	1,281,183,300 <sup>(2)</sup>	1,423,537,000	1,281,183,300 <sup>(2)</sup>
<b><u>Financial Ratios</u></b>				
NTA per Share (S\$ cents)	15.71	8.34	17.37	10.18
Basic EPS (S\$ cents) <sup>(3)</sup>	3.34	3.64	2.99	3.24
Gearing (%) <sup>(4)</sup>	–	–	–	–
Current Ratio (times) <sup>(5)</sup>	1.73	0.57	519.22	169.53

**Notes:**

- (1) Assuming that the Share Buyback will be funded by internal resources.
- (2) Number of Shares excludes 150,353,700 shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the 2015 AGM.
- (3) EPS is computed based on FY2014 net profit/(loss) attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.



## Scenario 2(B)

*Off-Market Purchases of 150,353,700 Shares out of capital and cancelled*

As at 31 December 2014	Group		Company	
	Before the Share Buyback S\$'000	After the Share Buyback S\$'000	Before the Share Buyback S\$'000	After the Share Buyback S\$'000
Shareholders' Equity	236,275	95,243	261,167	120,135
NTA	236,275	95,243	261,167	120,135
Current Assets	184,360	53,890	183,286	42,254
Current Liabilities	106,543	117,105	353	10,915
Working Capital	-52,653	-63,215	182,547	30,953
Total Borrowings <sup>(1)</sup>	–	10,562	–	–
Cash and Cash Equivalents <sup>(1)</sup>	130,470	–	386	386
Net Profit/(Loss)	47,602	46,431	42,535	41,364
Number of Shares excluding treasury shares	1,503,537,000	1,353,183,300 <sup>(2)</sup>	1,503,537,000	1,353,183,300 <sup>(2)</sup>
Weighted Average Number of Shares	1,423,537,000	1,281,183,300 <sup>(2)</sup>	1,423,537,000	1,281,183,300 <sup>(2)</sup>
<b><u>Financial Ratios</u></b>				
NTA per Share (S\$ cents)	15.71	7.04	17.37	8.88
Basic EPS (S\$ cents) <sup>(3)</sup>	3.34	3.62	2.99	3.23
Gearing (%) <sup>(4)</sup>	–	11.1	–	–
Current Ratio (times) <sup>(5)</sup>	1.73	0.46	519.22	3.87

### **Notes:**

- (1) Assuming that the Share Buyback will be funded by internal resources/borrowings.
- (2) Number of Shares excludes 150,353,700 Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the 2015 AGM.
- (3) EPS is computed based on FY2014 net profit/(loss) attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

**Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2014 and is not necessarily representative of future financial performance.**

**Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.**

## 1.8 Listing status of the Shares

The Listing Manual requires a listed company to ensure that at least 10% of its issued shares excluding treasury shares are held by public shareholders. As at the Latest Practicable Date, approximately 34.04% of the issued Shares are held by public Shareholders. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate, approximately 26.71% of the issued Shares will be held by public Shareholders. 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 up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, 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 affect orderly trading.

## 1.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 1.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

### 1.9.2 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), cooperate, 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 following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (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;
- (c) a company with any of its pension funds and employee share schemes;

- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and 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.

For this purpose, a company is an "associated company" of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

### 1.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. The Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to certain conditions, including, *inter alia*, the submission by each of the Directors of an executed form prescribed by the SIC within seven (7) days of the passing of the resolution to authorise the implementation of the Share Buyback Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

#### 1.9.4 Application of the Take-over Code

Details of the holdings in Shares by the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are set out in paragraph 2 below.

As at the Latest Practicable Date:

- (a) each of our Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng; and
- (b) our substantial shareholder, Sheng Siong Holdings Pte. Ltd. (“**SS Holdings**”), a company in which each of Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng holds 33% of the equity interest;

(collectively, the “**Relevant Shareholders**”), regard themselves as parties acting in concert in relation to their interests in the Company.

As at the Latest Practicable Date, each of our Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng hold 170,400,000 Shares, representing 11.33% of the issued Shares (excluding treasury shares) of the Company, and SS Holdings holds 448,800,000 Shares, representing 29.85% of the issued Shares (excluding treasury shares) of the Company. Accordingly, the Relevant Shareholders hold an aggregate of approximately 960,000,000 Shares, representing approximately 63.85% of the issued Shares (excluding treasury shares) of the Company.

As the Relevant Shareholders hold more than 50% of the voting rights in the Company, the Relevant Shareholders and parties acting in concert with them will not be required to make a general offer for the Company’s Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Buyback Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buyback pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buyback Mandate is in force.**

#### 1.10 Reporting requirements

Within thirty (30) days of the passing of a Shareholders’ resolution to approve the proposed Share Buyback Mandate, the Directors shall lodge a copy of the relevant Shareholders’ resolution with the Registrar of Companies (the “**Registrar**”).

The Directors shall lodge with the Registrar a notice of share purchase within thirty (30) days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

The Listing Manual 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 or acquisition 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 currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual.

### 1.11 No purchases during price-sensitive developments

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, 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 proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company’s quarterly results and the annual (full-year) results respectively.

### 1.12 Shares purchased by the Company in the 12 months preceding the Latest Practicable Date

The Company has not purchased any Shares in the twelve (12) months preceding the Latest Practicable Date.

## 2. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the Shares (as extracted from the Register of Directors’ shareholdings), and the interests of the Substantial Shareholders in the Shares (as extracted from the Register of Substantial Shareholders), are as follows:

<b>Directors</b>	<b>Direct interest</b>	<b>%</b>	<b>Deemed interest</b>	<b>%</b>
Lim Hock Chee <sup>(1)</sup>	170,400,000	11.33	791,250,000 <sup>(2)</sup>	52.63
Lim Hock Eng <sup>(1)</sup>	170,400,000	11.33	789,600,000	52.52
Lim Hock Leng <sup>(1)</sup>	170,400,000	11.33	789,600,000	52.52
Tan Ling San	30,000,000	2.00	–	–
Goh Yeow Tin	–	–	–	–
Jong Voon Hoo	–	–	–	–
Francis Lee Fook Wah	–	–	–	–
Lee Teck Leng Robson	50,000	nm <sup>(3)</sup>	–	–
<b>Substantial Shareholder</b>				
SS Holdings	448,800,000	29.85	–	–

**For illustrative purposes only**, assuming that the Company purchases 150,353,700 Shares and there is no other change in the number of Shares held by the Directors and Substantial Shareholders:

<b>Directors</b>	<b>Direct interest</b>	<b>%</b>	<b>Deemed interest</b>	<b>%</b>
Lim Hock Chee <sup>(1)</sup>	170,400,000	12.59	791,250,000 <sup>(2)</sup>	58.47
Lim Hock Eng <sup>(1)</sup>	170,400,000	12.59	789,600,000	58.35
Lim Hock Leng <sup>(1)</sup>	170,400,000	12.59	789,600,000	58.35
Tan Ling San	30,000,000	2.22	–	–
Goh Yeow Tin	–	–	–	–
Jong Voon Hoo	–	–	–	–
Francis Lee Fook Wah	–	–	–	–
Lee Teck Leng Robson	50,000	nm <sup>(3)</sup>	–	–
<b>Substantial Shareholder</b>				
SS Holdings	448,800,000	33.17	–	–

**Notes:**

- (1) Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng (each a “**Lim Director**”) are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of SS Holdings. Pursuant to Section 7 of the Companies Act (Cap. 50), each of the Lim Directors is deemed to be interested in the Shares of the Company held by (i) the other Lim Directors; and (ii) SS Holdings.
- (2) Mr. Lim Hock Chee is also deemed interested in the 1,650,000 Shares held by his spouse, Mdm. Lee Moi Hong.
- (3) “nm” means not meaningful.

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective associates has any interest, direct or indirect, in the Share Buyback Mandate.

### **3. ACTION TO BE TAKEN BY SHAREHOLDERS**

The 2015 AGM will be held at 6 Mandai Link, Singapore 728652 on 23 April 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate as set out in the Notice of the 2015 AGM.

Shareholders who are unable to attend the 2015 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of the 2015 AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of Company at 6 Mandai Link, Singapore 728652, not later than forty-eight (48) hours before the time fixed for the 2015 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2015 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act at least forty-eight (48) hours before the 2015 AGM.

#### **4. DIRECTORS' RECOMMENDATIONS**

The Directors, having carefully considered, *inter alia*, the terms and rationale of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate to be proposed at the 2015 AGM.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed Share Buyback Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 this Appendix in its proper form and context.

#### **6. DOCUMENTS FOR INSPECTION**

A copy of the following documents may be inspected at the registered office of the Company at 6 Mandai Link, Singapore 728652, during normal business hours from the date of this Appendix up to and including the date of the 2015 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2014;  
and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Sheng Siong Group Ltd.**

Mr. Lim Hock Chee  
Chief Executive Officer

