

CIRCULAR DATED 15 APRIL 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your ordinary shares in the capital of ValueMax Group Limited (the “Company”), you should immediately forward this Circular together with the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND**
- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS.**

IMPORTANT DATES AND TIMES:

| | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 27 April 2019 at 10.00 a.m. |
| Date and time of Annual General Meeting | : | 30 April 2019 at 10.00 a.m. |
| Place of Annual General Meeting | : | 261 Waterloo Street #01-35 Singapore 180261 |

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

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| “2019 AGM” | : | The AGM of the Company to be held on 30 April 2019 |
| “Act” | : | The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time |
| “ACRA” | : | The Accounting and Corporate Regulatory Authority of Singapore |
| “AGM” | : | Annual General Meeting |
| “Approval Date” | : | The date of the 2019 AGM at which the proposed renewal of the Share Buy Back Mandate is approved |
| “Audit Committee” | : | The audit committee comprising Independent Directors of the Company, being Lim Tong Lee, Phua Tin How and Chow Wen Kwan |
| “Average Closing Price” | : | The average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the date on which an On-Market Purchase was made, or as the case may be, the date of the making of the offer (as defined below) pursuant to an Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action which occurs after the relevant 5-Market Day period |
| “CDP” | : | The Central Depository (Pte) Limited |
| “CEO” | : | Chief Executive Officer |
| “Circular” | : | This circular dated 15 April 2019 |
| “Company” | : | ValueMax Group Limited |
| “Constitution” | : | The constitution of the Company, as amended or modified from time to time |
| “date of the making of the offer” | : | The date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of the Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase |
| “Directors” | : | The directors of the Company for the time being |
| “EPS” | : | Earnings per Share |
| “FY2018” | : | The financial year ended 31 December 2018 |
| “Group” | : | The Company and its subsidiaries |

| | |
|---|--|
| “Independent Directors” | : The Directors who are deemed to be independent for the purpose of making a recommendation to Shareholders in respect of the proposed renewal of the IPT General Mandate, being Phua Tin How, Lim Tong Lee and Chow Wen Kwan |
| “Interested Person Transaction(s)” or “IPT(s)” | : The categories of transactions with the Interested Person(s) which fall within the IPT General Mandate, as set out in section 3.5 of this Circular |
| “Interested Person(s)” | : The interested person(s) of the Company who fall within the IPT General Mandate, as set out in section 3.4 of this Circular |
| “IPT General Mandate” | : The general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual, permitting companies within the Group, or any of them, to enter into the Interested Person Transactions, provided that such transactions are on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders |
| “Latest Practicable Date” | : The latest practicable date prior to the printing of this Circular, being 2 April 2019 |
| “Listing Manual” | : The listing manual of the SGX-ST, as may be amended or modified from time to time |
| “Market Day” | : A day on which the SGX-ST is open for trading in securities |
| “Maximum Price” | : The maximum purchase price which may be paid per Share in relation to a Share to be purchased or acquired, which must not exceed 105% of the Average Closing Price |
| “NTA” | : Net tangible assets, being net assets less intangible assets (excluding non-controlling interests) |
| “Notice of AGM” | : The notice of the AGM dated 15 April 2019 |
| “Off-Market Purchase” | : Off-market share acquisition |
| “On-Market Purchase” | : On-market share acquisition |
| “Relevant Period” | : The period commencing from the date on which the 2019 AGM is held and the resolutions on the Share Buy Back Mandate are passed and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders in a general meeting |
| “Rule 14” | : Rule 14 of the Take-over Code |
| “Securities Account” | : A securities account maintained by a Depositor with CDP (but does not include a securities sub-account) |
| “SGXNET” | : The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies |
| “SGX-ST” | : The Singapore Exchange Securities Trading Limited |

| | |
|---------------------------------|--|
| “Share Buy Back Mandate” | : The proposed general and unconditional mandate to authorise the Directors to exercise all the powers of the Company to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular |
| “Share Purchase” | : The purchase of Shares by the Company pursuant to the Share Buy Back Mandate |
| “Shareholders” | : The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those Shares |
| “Shares” | : Ordinary shares in the issued share capital of the Company |
| “SIC” | : Securities Industry Council |
| “S\$” and “cents” | : Singapore dollars and cents respectively, being the lawful currency of Singapore |
| “Take-over Code” | : The Singapore Code on Take-overs and Mergers, as amended or modified from time to time |
| “USD” | : United States dollars, being the lawful currency of the United States of America |
| “%” or “per cent.” | : Percentage or per centum |

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.

The terms **“associate”** and **“controlling shareholders”** shall have the meanings ascribed to them respectively in the Listing Manual.

The terms **“subsidiaries”** and **“Substantial Shareholders”** shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to ValueMax Group Limited.

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 shall, where applicable, include corporations.

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

VALUEMAX GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200307530N)

Directors:

Phua Tin How (*Non-Executive Chairman and Independent Director*)
Yeah Hiang Nam (*Managing Director and CEO*)
Yeah Lee Ching (*Executive Director*)
Yeah Chia Kai (*Executive Director*)
Lim Tong Lee (*Independent Director*)
Chow Wen Kwan (*Independent Director*)

Registered Office:

261 Waterloo Street
#01-35
Singapore 180261

15 April 2019

To: The Shareholders of ValueMax Group Limited

Dear Sir/Madam

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND**
- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS.**

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of (a) the Share Buy Back Mandate; and (b) the IPT General Mandate. Approval of Shareholders for the proposed renewal of the Share Buy Back Mandate and the IPT General Mandate will be sought at the AGM to be held on 30 April 2019 at 10.00 a.m. at 261 Waterloo Street #01-35, Singapore 180261, notice of which is set out in the Notice of the Annual General Meeting dated 15 April 2019.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If any Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 Introduction

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders. Shareholders had approved the Share Buy Back Mandate at the AGM of the Company held on 25 April 2018. Accordingly, Shareholders' approval is being sought for the proposed renewal of the Share Buy Back Mandate.

If the proposed renewal of the Share Buy Back Mandate is approved by Shareholders at the 2019 AGM, it will remain in force during the Relevant Period. The Share Buy Back Mandate may be put to Shareholders for renewal at each subsequent AGM of the Company.

2.2 Rationale for the Renewal of the Share Buy Back Mandate

The Company proposes to seek Shareholders' approval for the renewal of the Share Buy Back Mandate to give Directors the flexibility to purchase the Shares if and when circumstances permit, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return on equity of the Group. Share Purchases are one of the ways through which Shareholders' value may be enhanced.

The Directors believe that the Share Buy Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements, in an expedient and cost-efficient manner. Share Purchases also allow the Directors to exercise control over the Company's capital structure, dividend pay-out and cash reserves and, depending on market conditions, may lead to an enhancement of the EPS and/or NTA per Share. The Directors further believe that Share Purchases may also help to mitigate short-term market volatility and offset the effects of share price speculation.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases, after taking into account factors such as the amount of surplus cash available and the prevailing market conditions.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or Shareholders. No Share Purchases will be made in circumstances which the Directors believe will have or may have a material adverse effect on the financial position, liquidity and/or listing status of the Group, and the working capital requirements and gearing level of the Group.

2.3 Authority and Limits of the Share Buy Back Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate, if approved at the 2019 AGM, are summarised below:

(a) Maximum Number of Shares

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

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate during the Relevant Period or within any one financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the Approval Date (excluding treasury Shares and subsidiary holdings), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered.

As at the Latest Practicable Date, the Company does not have any subsidiary holdings and holds 100,000 treasury Shares.

As an illustration, based on the Company's existing issued and paid-up share capital as at the Latest Practicable Date, comprising 533,397,960 Shares (excluding 100,000 Shares held as treasury Shares), and assuming that no further Shares are issued on or prior to the AGM, not more than 53,339,000 Shares (representing not more than 10% of the issued ordinary shares of the Company as at that date) may be bought or acquired by the Company pursuant to the proposed Share Buy Back Mandate.

(b) **Duration of Authority**

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

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied by the Company in a general meeting, whichever is the earlier; or
- (iii) the date on which the Share Purchases are carried out to the full extent of the Share Buy Back Mandate.

(c) **Manner of Purchase or Acquisition of Shares**

The Shares may be purchased or acquired by way of:

- (i) an On-Market Purchase transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
- (ii) an Off-Market Purchase pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST.

(d) **Information on Off-Market Purchases**

As prescribed by the Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds issued Shares, to purchase or acquire the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers must 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 offers relate 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 Listing Manual requires that in the making of an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchase;

- (iv) the consequences, if any, of share buy backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share buy back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Purchase made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), specifying the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(e) **Maximum Price to be Paid for the Shares**

The Directors may determine the purchase price to be paid per Share for any Share Purchase, provided that the price paid per Share in relation to a Share to be purchased or acquired, must not exceed the Maximum Price.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses.

2.4 Status of Purchased Shares

The Shares purchased by the Company may be held in treasury as treasury shares. Upon the purchase of the treasury shares, the Company will be registered as a member in respect of the treasury shares but will not have the right to attend or vote at meetings or receive dividends in respect to them. 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 or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

The Act currently restricts the maximum permitted holding, as treasury shares, of the number of Shares of the relevant class of shares to 10% of the total number of issued Shares. Any treasury share which exceeds this must either be disposed of or cancelled within 6 months after the limit is first exceeded.

Disposal options (exercisable at any time) available to the Company holding treasury shares are as follows:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the treasury shares (or any of them) as consideration for acquisitions of shares or other assets;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister of Finance may by order prescribe.

As at the Latest Practicable Date, the Company holds 100,000 Shares as treasury Shares.

Under Rule 704(28) of the Listing Manual, the Company must make an immediate announcement via SGXNET if there is any sale, transfer, cancellation and/or use of treasury shares. Such announcement must state 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.

Pursuant to the Act, Shares bought back by the Company, unless kept as treasury shares, shall be deemed cancelled. The Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company will remain unchanged.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. At the time of each Share Purchase, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, depending on the needs of the Company at that time.

2.5 Source of Funds

In undertaking Share Purchases, the Company shall only apply funds legally available in accordance with its Constitution and the applicable laws in Singapore.

The Company may not buy back its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST respectively.

The Act provides that purchases and acquisitions of Shares may be made out of the Company's capital or profits so long as the Company is solvent. For this purpose, the Company is "solvent" if:

- (i) there is no ground on which the Company could be found to be unable to pay its debts;
- (ii) if – (a) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (b) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

- (iii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

In determining, for the above purposes, whether the value of the Company's assets is less than the value of its liabilities (including contingent liabilities), the Directors or the Company's management (a) must have regard to the most recent financial statements of the Company and all other circumstances that the Directors or management know or ought to know affect, or may affect, the value of the Company's assets and the value of the Company's liabilities (including contingent liabilities); and (b) may rely on valuations of assets or estimates of liabilities that are reasonable in the circumstances. Where the value of contingent liabilities are required to be determined, the Directors or management may take into account the likelihood of the contingency occurring and any claim that 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 its internal funds and/or external borrowings to undertake its Share Purchases.

2.6 Financial Effects of the Share Buy Back Mandate

Pursuant to the Act, Shares bought back by the Company, unless kept as treasury shares, are cancelled immediately on purchase or acquisition. All rights and privileges attached to the purchased Shares shall expire upon cancellation.

Where the consideration paid by the Company for the purchase or acquisition of the Shares (excluding related brokerage fees, goods and services tax, stamp duties and clearance fees) is paid for using:

- (a) the Company's capital, it will not reduce the amount available for distribution of dividends by the Company; or
- (b) the Company's profits, it will reduce the amount available for distribution of dividends by the Company,

the NTA of the Company and the consolidated NTA of the Group will be reduced by the dollar value of the Shares bought.

For illustrative purposes only, assuming the Company had exercised the Share Buy Back Mandate in full as at 31 December 2018 and purchased 53,339,000 Shares at the Maximum Price of S\$0.30 for each Share (being 5.0% above the average of the closing market prices of the Shares for the 5 Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the financial effects of the purchase or acquisition of the Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made:

- (a) entirely out of capital and held as treasury shares;
- (b) entirely out of profits and held as treasury shares;
- (c) entirely out of capital and cancelled; and
- (d) entirely out of profits and cancelled,

based on the latest audited financial statements of the Company for FY2018 are set out below:

(i) **Purchases or Acquisitions Made Entirely out of Capital and Held as Treasury Shares**

| | Company | | Group | |
|---|----------------------------|------------------------------------|----------------------------|------------------------------------|
| | As at FY2018 S\$'000 | After share buy back S\$'000 | As at FY2018 S\$'000 | After share buy back S\$'000 |
| Share capital | 78,313 | 78,313 | 78,313 | 78,313 |
| Reserves | – | – | (6,439) | (6,439) |
| Accumulated profits | 69,308 | 69,308 | 121,067 | 121,067 |
| Treasury shares | (26) | (15,932) | (26) | (15,932) |
| Total shareholders' funds | 147,595 | 131,689 | 192,915 | 177,009 |
| Non-controlling Interests | – | – | 4,532 | 4,532 |
| Total equity | 147,595 | 131,689 | 197,447 | 181,541 |
| Net Tangible Assets ⁽¹⁾ | 147,595 | 131,689 | 192,872 | 176,966 |
| Current assets | 144,716 | 128,810 | 338,260 | 328,056 |
| Current liabilities | 19,459 | 19,459 | 231,857 | 237,559 |
| Working capital | 125,257 | 109,351 | 106,403 | 90,497 |
| Total borrowings | 49,760 | 49,760 | 276,748 | 282,450 |
| Cash and bank balances | 664 | – | 10,204 | – |
| Total liabilities | 69,234 | 69,234 | 295,912 | 301,614 |
| Profit attributable to owners of the Company | 15,826 | 15,826 | 20,292 | 20,292 |
| Total number of Shares ('000) | 533,398 | 480,059 | 533,398 | 480,059 |
| Net Tangible Assets per Share (cents) | 27.67 | 27.43 | 36.17 | 36.86 |
| Gearing ratio (%) ⁽²⁾ | 33.26 | 37.79 | 135.00 | 155.58 |
| Working Capital Ratio (times) ⁽³⁾ | 7.44 | 6.62 | 1.46 | 1.38 |
| Earnings per Share (cents) | 2.97 | 3.30 | 3.80 | 4.23 |

Notes:

(1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.

(2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.

(3) Working Capital Ratio is calculated based on current assets divided by current liabilities.

(ii) **Purchases or Acquisitions Made Entirely out of Profits and Held as Treasury Shares**

| | Company | | Group | |
|---|----------------------------|------------------------------------|----------------------------|------------------------------------|
| | As at FY2018 S\$'000 | After share buy back S\$'000 | As at FY2018 S\$'000 | After share buy back S\$'000 |
| Share capital | 78,313 | 78,313 | 78,313 | 78,313 |
| Reserves | – | – | (6,439) | (6,439) |
| Accumulated profits | 69,308 | 69,308 | 121,067 | 121,067 |
| Treasury shares | (26) | (15,932) | (26) | (15,932) |
| Total shareholders' funds | 147,595 | 131,689 | 192,915 | 177,009 |
| Non-controlling Interests | – | – | 4,532 | 4,532 |
| Total equity | 147,595 | 131,689 | 197,447 | 181,541 |
| Net Tangible Assets ⁽¹⁾ | 147,595 | 131,689 | 192,872 | 176,966 |
| Current assets | 144,716 | 128,810 | 338,260 | 328,056 |
| Current liabilities | 19,459 | 19,459 | 231,857 | 237,559 |
| Working capital | 125,257 | 109,351 | 106,403 | 90,497 |
| Total borrowings | 49,760 | 49,760 | 276,748 | 282,450 |
| Cash and bank balances | 664 | – | 10,204 | – |
| Total liabilities | 69,234 | 69,234 | 295,912 | 301,614 |
| Profit attributable to owners of the Company | 15,826 | 15,826 | 20,292 | 20,292 |
| Total number of Shares ('000) | 533,398 | 480,059 | 533,398 | 480,059 |
| Net Tangible Assets per Share (cents) | 27.67 | 27.43 | 36.17 | 36.86 |
| Gearing ratio (%) ⁽²⁾ | 33.26 | 37.79 | 135.00 | 155.58 |
| Working Capital Ratio (times) ⁽³⁾ | 7.44 | 6.62 | 1.46 | 1.38 |
| Earnings per Share (cents) | 2.97 | 3.30 | 3.80 | 4.23 |

Notes:

(1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.

(2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.

(3) Working Capital Ratio is calculated based on current assets divided by current liabilities.

(iii) **Purchases or Acquisitions Made Entirely out of Capital and Cancelled**

| | Company | | Group | |
|---|----------------------------|------------------------------------|----------------------------|------------------------------------|
| | As at FY2018 S\$'000 | After share buy back S\$'000 | As at FY2018 S\$'000 | After share buy back S\$'000 |
| Share capital | 78,313 | 62,047 | 78,313 | 62,047 |
| Reserves | – | – | (6,439) | (6,439) |
| Accumulated profits | 69,308 | 69,308 | 121,067 | 121,067 |
| Treasury shares | (26) | (26) | (26) | (26) |
| Total shareholders' funds | 147,595 | 131,689 | 192,915 | 177,009 |
| Non-controlling Interests | – | – | 4,532 | 4,532 |
| Total equity | 147,595 | 131,689 | 197,447 | 181,541 |
| Net Tangible Assets ⁽¹⁾ | 147,595 | 131,689 | 192,872 | 176,966 |
| Current assets | 144,716 | 128,810 | 338,260 | 328,056 |
| Current liabilities | 19,459 | 19,459 | 231,857 | 237,559 |
| Working capital | 125,257 | 109,351 | 106,403 | 90,497 |
| Total borrowings | 49,760 | 49,760 | 276,748 | 282,450 |
| Cash and bank balances | 664 | – | 10,204 | – |
| Total liabilities | 69,234 | 69,234 | 295,912 | 301,614 |
| Profit attributable to owners of the Company | 15,826 | 15,826 | 20,292 | 20,292 |
| Total number of Shares ('000) | 533,398 | 480,059 | 533,398 | 480,059 |
| Net Tangible Assets per Share (cents) | 27.67 | 27.43 | 36.17 | 36.86 |
| Gearing ratio (%) ⁽²⁾ | 33.26 | 37.79 | 135.00 | 155.58 |
| Working Capital Ratio (times) ⁽³⁾ | 7.44 | 6.62 | 1.46 | 1.38 |
| Earnings per Share (cents) | 2.97 | 3.30 | 3.80 | 4.23 |

Notes:

(1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.

(2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.

(3) Working Capital Ratio is calculated based on current assets divided by current liabilities.

(iv) **Purchases or Acquisitions Made Entirely out of Profits and Cancelled**

| | Company | | Group | |
|---|----------------------------|------------------------------------|----------------------------|------------------------------------|
| | As at FY2018 S\$'000 | After share buy back S\$'000 | As at FY2018 S\$'000 | After share buy back S\$'000 |
| Share capital | 78,313 | 78,313 | 78,313 | 78,313 |
| Reserves | – | – | (6,439) | (6,439) |
| Accumulated profits | 69,308 | 53,402 | 121,067 | 105,161 |
| Treasury shares | (26) | (26) | (26) | (26) |
| Total shareholders' funds | 147,595 | 131,689 | 192,915 | 177,009 |
| Non-controlling Interests | – | – | 4,532 | 4,532 |
| Total equity | 147,595 | 131,689 | 197,447 | 181,541 |
| Net Tangible Assets ⁽¹⁾ | 147,595 | 131,689 | 192,872 | 176,966 |
| Current assets | 144,716 | 128,810 | 338,260 | 328,056 |
| Current liabilities | 19,459 | 19,459 | 231,857 | 237,559 |
| Working capital | 125,257 | 109,351 | 106,403 | 90,497 |
| Total borrowings | 49,760 | 49,760 | 276,748 | 282,450 |
| Cash and bank balances | 664 | – | 10,204 | – |
| Total liabilities | 69,234 | 69,234 | 295,912 | 301,614 |
| Profit attributable to owners of the Company | 15,826 | 15,826 | 20,292 | 20,292 |
| Total number of Shares ('000) | 533,398 | 480,059 | 533,398 | 480,059 |
| Net Tangible Assets per Share (cents) | 27.67 | 27.43 | 36.17 | 36.86 |
| Gearing ratio (%) ⁽²⁾ | 33.26 | 37.79 | 135.00 | 155.58 |
| Working Capital Ratio (times) ⁽³⁾ | 7.44 | 6.62 | 1.46 | 1.38 |
| Earnings per Share (cents) | 2.97 | 3.30 | 3.80 | 4.23 |

Notes:

(1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.

(2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.

(3) Working Capital Ratio is calculated based on current assets divided by current liabilities.

The financial impact is the same whether the Shares are purchased via On-Market Purchases or Off-Market Purchases. The Group had a balance of S\$10.2 million in cash and bank balances as at 31 December 2018. Assuming the buy back of up to 53,339,000 Shares at the Maximum Price of S\$0.30 per Share, the Group's cash reserves would be reduced by S\$10.2 million and total borrowings would increase by S\$5.7 million. All other things remaining the same, the working capital and net tangible assets of the Group and the Company would be reduced by the dollar value of the Shares purchased. The consolidated net tangible assets value per Share after the buy back of 53,339,000 Shares would be increased to 36.86 cents.

As illustrated in the tables above, the purchase of the Shares would reduce the current assets and shareholders' funds of the Group and the Company accordingly. This would result in an increase in the gearing ratio of the Company and the Group. The consolidated EPS as a result of the buy back of 53,339,000 Shares would be increased from 3.80 cents to 4.23 cents.

The actual impact on the gearing and working capital ratio of the Company would depend on the number of Shares purchased and the price or prices at which the Shares are purchased. The actual impact on the respective ratios will depend on the number and price of the Shares bought back. 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 Company and the Group.

The acquisition and purchase of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of surplus cash and other financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buy Back Mandate will be exercised with a view to enhancing the EPS of the Group.

Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 31 December 2018, and are not representative of the Group's future financial performance.

Although the Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding treasury Shares and subsidiary holdings), the Company may not necessarily buy back all 10% of its issued Shares (excluding treasury Shares and subsidiary holdings) in full.

In particular, the maximum number of Shares that the Company may purchase under the Act is limited by the solvency requirements set out in the Act.

2.7 Taxation

Shareholders are advised to obtain independent professional advice if they are uncertain about the impact of share buy backs on their overall tax position, whether in Singapore or in other jurisdictions in the world.

2.8 Reporting Requirements

The Act and the Listing Manual require the Company to make the following reports in relation to the Share Buy Back Mandate:

- (a) to lodge a copy of the Shareholders' resolution approving the Share Buy Back Mandate with ACRA within 30 days of the passing of such resolution;
- (b) to notify ACRA of an acquisition or purchase of Shares on the SGX-ST or otherwise within 30 days. Such notification shall be in the prescribed form and shall include:
 - (i) the date of the acquisition or purchase;
 - (ii) the total number of Shares acquired or purchased;
 - (iii) the number of Shares cancelled;
 - (iv) the number of Shares held as treasury shares;
 - (v) the Company's issued share capital before the acquisition or purchase and after such acquisition or purchase;
 - (vi) the amount of consideration paid by the Company for the acquisition or purchase;
 - (vii) whether the Shares were purchased or acquired out of the profits or the capital of the Company; and
 - (viii) such other information as required by the Act; and

- (c) pursuant to the Listing Manual, to report purchases of Shares to the SGX-ST in the forms prescribed which shall include details including, *inter alia*, the date of purchase, the price paid and the number of issued shares remaining in the share capital of the Company after the Share Purchases, and to make an announcement to the public:
 - (i) in the case of On-Market Purchases, not later than 9.00 a.m. on the Market Day following any day on which the Company makes an On-Market Purchase; and
 - (ii) in the case of Off-Market Purchases, not later than 9.00 a.m. on the second Market Day following the close of acceptance of offers made by the Company.

Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual and must include details of the total number of Shares purchased and the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

2.9 Suspension of buy back of Shares

As the Company would be considered an “insider” in relation to any buy back of Shares, the Company will not buy Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any of its Shares during the period commencing two (2) weeks before the announcement of the Company’s financial results for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company’s full year financial results.

2.10 Listing Status on SGX-ST

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As defined in the Listing Manual, the “public” refers to persons other than the directors, chief executive officer, Substantial Shareholders, or controlling shareholders of the company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 107,828,000 Shares held in the hands of the public (as defined above), representing 20.22% of the issued share capital of the Company. Assuming the Company exercises the Share Buy Back Mandate in full and purchases the maximum of 10% of its issued share capital from such public Shareholders, the number of Shares in the hands of the public would be reduced to 54,489,000 Shares, representing 10.22% of the issued share capital of the Company.

Accordingly, as at the Latest Practicable Date, the Company will be able to undertake the Share Purchase up to the full 10% limit pursuant to the Share Buy Back Mandate without affecting the listing status of the Shares on the Main Board of the SGX-ST.

2.11 Take-over Implications under the Take-over Code

Pursuant to Appendix 2 of 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.

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% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

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 following persons will be presumed to be acting in concert with each other:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies, 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 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (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 in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its clients in respect of the shareholdings of (i) the adviser and the persons controlling, controlled by or under the same control as the adviser; and (ii) 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 10.0% 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 them, which is subject to an offer where they 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 his instructions and 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.

Consequently, a Director and persons acting in concert (as such term is defined in the Take-over Code) with him could, depending on the level of increase in his or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 of the Take-over Code as a result of the Company's buy back of Shares.

Unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation 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 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, and the voting rights of such Directors and their concert parties would increase by 1% in any period of 6 months.

Based on the shareholdings of the Directors and the Substantial Shareholders in the Company as at the Latest Practicable Date, none of the Directors nor the substantial Shareholders will become obligated to make a mandatory offer by reason only of the buy back of 53,339,000 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 buy back Shares pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over 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 SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy Back Mandate is in force.

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.

2.12 Details of Share Purchases

The Company has not carried out any share purchase during the 12-month period preceding the Latest Practicable date.

2.13 Limits on Shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSONS TRANSACTIONS

3.1 Chapter 9 of the Listing Manual

- 3.1.1 Chapter 9 of the Listing Manual applies to transactions between a party that is an entity at risk and a counter party that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

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

- (a) 3.0% of the Group's latest audited consolidated NTA; or
- (b) 3.0% of the Group'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 Listing Manual) during the same financial year.

Under Chapter 9 of the Listing Manual, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5.0% of the Group's latest audited consolidated NTA; or
- (b) 5.0% of the Group'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 Listing Manual) during the same financial year.

However, a transaction which has been approved by the Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for the Shareholders' approval do not apply to any transaction below S\$100,000.

Under Chapter 9 of the Listing Manual, the value of a transaction is the amount at risk to the listed company. This is illustrated by the following examples:

- (a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the listed company's effective interest in that transaction;

- (b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and
- (c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

3.1.2 For illustrative purposes, based on the latest audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018, the consolidated NTA of the Group attributable to owners of the Company was approximately S\$192.9 million. Accordingly, for the purpose of Chapter 9 thresholds detailed in section 3.1.1, in the current financial year, 3% of the latest audited consolidated NTA of the Group attributable to owners of the Company is approximately S\$5.8 million and 5% of the latest audited consolidated NTA of the Group attributable to owners of the Company is approximately S\$9.6 million.

3.1.3 For the purposes of Chapter 9 of the Listing Manual:

- (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) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;
- (c) an “**associate**” means:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (a) his immediate family;
 - (b) the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; and
 - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (d) 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;
- (e) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (g) 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 (for example through one or more interposed entities).

3.2 Shareholders’ General Mandate

Chapter 9 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 in respect of the purchase or sale of assets, undertakings or businesses), which may be carried out with the listed company’s interested persons. Such general mandate is subject to annual renewal.

On 25 April 2017, the Company obtained Shareholders’ approval for the adoption of the IPT Mandate. At the previous AGM held on 25 April 2018, the Shareholders had approved and renewed the IPT General Mandate, to take effect until the forthcoming 2019 AGM (the “**Latest Shareholders’ Approval**”).

The Company is seeking to renew the existing IPT Mandate at the forthcoming 2019 AGM. The scope of the IPT General Mandate, the Interested Persons, the categories of Interested Persons, the rationale for and benefits of the IPT General Mandate and the guidelines and review procedures for the Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged from the Latest Shareholders’ Approval.

Particulars of the IPT Mandate are set out below.

3.3 Scope of the IPT General Mandate

The proposed renewal of the IPT General Mandate will cover transactions arising in the normal course of business operations of the Company, its subsidiaries that are not listed on the SGX-ST or an approved exchange, and its associated companies that are not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company.

The IPT General Mandate does not cover any transaction with an interested person (i) which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions; or (ii) that is equal to or exceeds S\$100,000 in value, but qualifies as an exempted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with Interested Persons which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or the Companies Act. Transactions conducted under the IPT General Mandate are not separately subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

3.4 The Interested Persons

Yeah Holdings Pte. Ltd. is a controlling shareholder of the Company and as at the Latest Practicable Date, is interested in approximately 63.6% of the issued and paid-up share capital of the Company.

Yeah Hiang Nam is the Managing Director and CEO and a controlling shareholder of the Company, and as at the Latest Practicable Date, is interested in approximately 79.6% of the issued and paid-up share capital of the Company.

Tan Hong Yee is a controlling shareholder of the Company and the spouse of Yeah Hiang Nam, and as at the Latest Practicable Date, is interested in approximately 79.6% of the issued and paid-up share capital of the Company.

Yeah Lee Ching is the Executive Director of the Company and the daughter of Yeah Hiang Nam and Tan Hong Yee.

Yeah Chia Kai is the Executive Director of the Company and the son of Yeah Hiang Nam and Tan Hong Yee.

Accordingly, each of Yeah Holdings Pte. Ltd., Yeah Hiang Nam, Yeah Lee Ching and Yeah Chia Kai and each of its/his respective associates are interested persons within the meaning of Chapter 9 of the Listing Manual in relation to the IPT General Mandate.

The IPT General Mandate will apply to IPTs that are carried out between any entity in the Group with the Interested Persons.

3.5 Categories of Interested Person Transactions

The types of transactions with the Interested Persons specified in section 3.4 above to which the IPT General Mandate applies are broadly categorised as follows:

- (a) Lease of properties from Interested Persons;
- (b) Purchases of pre-owned jewellery and gold from Interested Persons; and
- (c) Sales of scrap gold and gold bullion to Interested Persons.

3.6 Rationale for and Benefits of the proposed renewal of the IPT General Mandate

The IPT General Mandate (and its subsequent renewal thereafter on an annual basis) is intended to facilitate the Interested Person Transactions in the ordinary course of business of the Group as described in section 3.5 above, which the Directors envisage are likely to be transacted with some frequency and from time to time with the Interested Persons, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT General Mandate will enhance the ability of companies in the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3.7 Guidelines and Review Procedures for the Interested Person Transactions

- 3.7.1 In general, there are procedures established by the Group to ensure that the transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual practices and policies which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

- (a) Lease of properties from Interested Persons

The Group leases properties from Interested Person for the operation of its pawnshops and jewellery retail outlets, gold trading and offices. All contracts with Interested Persons for the rental of real estate to the Group will be entered into at the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar location and size, or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The

rent payable shall be based on competitive market rental rates of similar properties in terms of size and location, based on the results of the relevant enquiries and shall be not less favourable to the Group than those rates and terms offered by or received from unrelated third parties.

(b) Purchases of pre-owned jewellery and gold from Interested Persons

The Group purchases pre-owned jewellery and gold from Interested Persons. All contracts entered into with Interested Persons are carried out based on the international spot price of gold and the USD translation rate quoted at the time of the transaction as extracted from www.NETDANIA.com, in line with the practice of the Group when dealing with third parties.

(c) Sales of scrap gold and gold bullion to Interested Persons

The Group sells scrap gold and gold bullion to Interested Persons. All contracts entered into with Interested Persons are carried out based on the international spot price of gold and the USD translation rate quoted at the time of the transaction as extracted from www.NETDANIA.com, in line with the practice of the Group when dealing with third parties.

Details of all Interested Person Transactions will be documented in the register of Interested Person Transactions. Please refer to section 3.7.3 below for further details on the said register.

3.7.2 Threshold Limits

In addition to the review procedures set out above, the Group will monitor the Interested Person Transactions covered by the IPT General Mandate by categorising the transactions as follows:

- (a) a “Category One” Interested Person Transaction is one where the value thereof is in excess of or equal to 3% of the latest audited consolidated NTA of the Company; and
- (b) a “Category Two” Interested Person Transaction is one where the value thereof is below 3% of the latest audited consolidated NTA of the Company.

All “Category One” Interested Person Transactions must be reviewed and approved by the Audit Committee prior to entry whereas “Category Two” Interested Person Transactions must be approved by a Director who shall not be an Interested Person in respect of the particular transaction prior to entry and must be reviewed on a quarterly basis by the Audit Committee. In its review, the Audit Committee will ensure that the Interested Person Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In the event that a member of the Audit Committee is interested in any Interested Person Transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.

The value of the Interested Person Transactions with the Interested Persons in FY2018 was approximately S\$3.7 million and during the period commencing 1 January 2019 until the Latest Practicable Date was approximately S\$0.8 million, and comprised (i) lease of properties from Interested Persons; (ii) purchases of pre-owned jewellery and gold from Interested Persons; and (iii) sales of scrap gold and gold bullion to Interested Persons.

3.7.3 Register of Interested Person Transactions

The Company will maintain a register of all Interested Person Transactions (the “**IPT Register**”) including the Interested Person Transactions carried out with Interested Person(s) pursuant to the IPT General Mandate, and the register shall include all information pertinent to all the Interested Person Transactions, such as, but not limited to, the list of associates, the nature of the Interested Person Transaction, the amount of the Interested Person Transactions, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence

and quotations obtained to support such basis. For the avoidance of doubt, all Interested Person Transactions, including Interested Person Transactions below S\$100,000, shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by the Chief Financial Officer of the Company, who shall not be interested in any of the Interested Person Transactions and who is duly delegated to do so by the Audit Committee. The IPT Register will be reviewed by the internal auditors of the Company on an annual basis to ascertain that the procedures established to monitor the Interested Person Transactions (including the review procedures set out in sections 3.7.1 and 3.7.2 of this Circular which are proposed to be established in respect of the Interested Person Transactions) have been complied with.

3.7.4 Quarterly Review by Audit Committee

The Audit Committee shall review the IPT Register and any accompanying reports on a quarterly basis (or such other more frequent basis as may be required or as the Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Interested Person Transactions including the review procedures set out in sections 3.7.1 and 3.7.2 of this Circular which are proposed to be established in respect of the Interested Person Transactions, have been complied with.

If during these reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, the Company will seek Shareholders' approval for a fresh general mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions will be conducted based on an arm's length basis and on the Company's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders.

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from voting on any resolution, and/or any decision and/or any review of the established review procedures in respect of that Interested Person Transaction. Approval of that Interested Person Transaction will be undertaken by the remaining members of the Audit Committee.

In addition, the Board will also ensure that all disclosure, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

3.8 Validity Period of the IPT General Mandate

The proposed renewal of the IPT General Mandate will take effect from the date of the passing of the ordinary resolution relating thereto at the 2019 AGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM of the Company and at each subsequent AGM subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

As stated in section 3.7.4 above, the Company will seek Shareholders' approval for a fresh general mandate if during the quarterly reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted.

3.9 Disclosure of Interested Person Transactions Pursuant to the IPT General Mandate

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT General Mandate for the quarterly financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual and within the time required for the announcement of such report.

The Company is required, in accordance with the requirements of Chapter 9 of the Listing Manual, to disclose in its annual report the aggregate value of transactions conducted pursuant to the IPT General Mandate during the financial year, as well as in the annual reports for the subsequent financial years during which the IPT General Mandate is in force.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders of the Company (that is, persons whose direct and indirect interests in the Company's issued share capital are equal to or more than 5%) are as follows:

| Name | Before Share Buy Back (Number of Shares) | | | Before Share Buy Back (%) ⁽¹⁾ | After Share Buy Back (%) ⁽²⁾ |
|---|---|--------------------|-------------------|---|--|
| | Direct Interest | Deemed Interest | Total Interest | | |
| Directors | | | | | |
| Phua Tin How | — | — | — | — | — |
| Yeah Hiang Nam @ Yeo Hiang Nam ⁽⁴⁾⁽⁵⁾ | — | 424,559,860 | 424,559,860 | 79.60 | 88.44 |
| Yeah Lee Ching | — | — | — | — | — |
| Yeah Chia Kai | — | — | — | — | — |
| Lim Tong Lee | — | — | — | — | — |
| Chow Wen Kwan | — | — | — | — | — |
| Substantial Shareholder | | | | | |
| Yeah Holdings Pte. Ltd. ⁽³⁾ | 189,069,960 | 150,000,000 | 339,069,960 | 63.57 | 70.63 |
| Yeah Hiang Nam @ Yeo Hiang Nam ⁽⁴⁾⁽⁵⁾ | — | 424,559,860 | 424,559,860 | 79.60 | 88.44 |
| Tan Hong Yee ⁽⁴⁾⁽⁵⁾ | 39,728,000 | 384,831,860 | 424,559,860 | 79.60 | 88.44 |

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 533,397,960 Shares as at the Latest Practicable Date (excluding 100,000 Shares held as treasury Shares).
- (2) As a percentage of the issued share capital of the Company comprising 480,058,960 Shares (assuming that the Company purchases the maximum number of 53,339,000 Shares under the Share Buy Back Mandate).
- (3) Yeah Holdings Pte. Ltd. is a private limited company incorporated in Singapore on 12 November 2012. It is an investment holding company. The shareholders of Yeah Holdings Pte. Ltd. are Yeah Hiang Nam (35%), Tan Hong Yee (35%), Yeah Lee Ching (10%), Yeah Chia Wei (10%) and Yeah Chia Kai (10%).
- (4) By virtue of Section 7 of the Act, Yeah Hiang Nam and Tan Hong Yee are deemed to have an interest in the 339,069,960 shares held by Yeah Holdings Pte. Ltd.
- (5) Yeah Hiang Nam and Tan Hong Yee are husband and wife and as such are deemed to have an interest in the shares held by each other.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Share Buy Back Mandate, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

5. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee having considered, *inter alia*, the terms and rationale of the IPT General Mandate, is satisfied that, the proposed renewal of the IPT General Mandate and the corresponding review procedures as set out in this Circular, when taken as a whole and if applied strictly, 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.

6. ABSTENTION FROM VOTING

In accordance with the requirements of the Listing Manual, the Interested Persons and their associates shall abstain from voting in respect of each of their shareholdings on the ordinary resolution in respect of the proposed renewal of the IPT General Mandate at the 2019 AGM.

Further, the Interested Persons and their associates shall decline appointment to act as proxies to vote at the 2019 AGM in respect of the ordinary resolution relating to the IPT General Mandate for other Shareholders unless the Shareholders concerned have given specific voting instructions as to the manner in which his/her votes are to be cast at the 2019 AGM.

The names of the Interested Persons and their associates, and their respective shareholdings, are as follows:

| Name of Interested Person or associate | Nature of interest | Shareholding interest in the Company |
|--|--|--------------------------------------|
| Yeah Hiang Nam | Interested Person | 424,559,860 Shares |
| Tan Hong Yee | Interested Person | 424,559,860 Shares |
| Yeah Properties Pte Ltd | Controlled by Yeah Hiang Nam and Tan Hong Yee | — |
| Yeah Capital Pte Ltd | Controlled by Yeah Hiang Nam and Tan Hong Yee | — |
| Yeah Management Pte Ltd | Controlled by Yeah Hiang Nam and Tan Hong Yee | — |
| Yeo Mee Hwa | Sister of Yeah Hiang Nam | — |
| Yeo Mooi Huang | Sister of Yeah Hiang Nam | 590,100 Shares |
| Yeo Ah Nya | Sister of Yeah Hiang Nam | 100,000 Shares |
| Yeow Mooi Gaik | Sister of Yeah Hiang Nam | 120,000 Shares |
| Yeo Hiang Chuah | Brother of Yeah Hiang Nam | — |
| Tan Hock Yong | Brother of Tan Hong Yee | — |
| Tan Sar Tee | Brother of Tan Hong Yee | 200,000 Shares |
| Hwa Goldsmith and Jewellers | Controlled by Yeo Mee Hwa (sister of Yeah Hiang Nam) | — |
| Lucky Jewellery | Controlled by Yeo Mooi Huang (sister of Yeah Hiang Nam) | — |
| Mei Zhi Jewellery | Controlled by Yeo Ah Nya (sister of Yeah Hiang Nam) | — |
| Kong Hin Goldsmith and Jewellers | Controlled by Yeo Hiang Chuah (brother of Yeah Hiang Nam) | — |
| Lee Heng Jewellers | Controlled by Tan Hock Yong and Tan Sar Tee (brothers of Tan Hong Yee) | — |

7. DIRECTORS' RECOMMENDATION AND INTERESTS OF DIRECTORS

Proposed Share Buy Back Mandate

Having fully considered the rationale, the benefit and the information relating to the Share Buy Back Mandate, the Directors are of the opinion that the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Share Buy Back Mandate to be proposed at the 2019 AGM.

Proposed renewal of the IPT General Mandate

Yeah Hiang Nam, Yeah Lee Ching and Yeah Chia Kai, being Interested Persons, shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the proposed renewal of the IPT General Mandate.

Save as disclosed above and for their respective interests in Shares, none of the other Directors has any interest, direct or indirect, in the proposed renewal of the IPT General Mandate.

Having reviewed and considered the guidelines and review procedures in relation to the IPT General Mandate, the rationale for and benefits of the IPT General Mandate, the Independent Directors are unanimously of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the IPT General Mandate to be proposed at the 2019 AGM.

8. ANNUAL GENERAL MEETING

The 2019 AGM, notice of which is dated 15 April 2019 and is attached to the Annual Report of the Company for FY2018, will be held at 261 Waterloo Street #01-35 Singapore 180261 on 30 April 2019 at 10.00 a.m., for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions set out in the Notice of AGM.

Shareholders who are unable to attend the 2019 AGM and wish to appoint a proxy to attend and vote at the 2019 AGM on their behalf will find attached to the Annual Report of the Company for FY2018, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time fixed for holding the AGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the 2019 AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. INSPECTION OF DOCUMENTS

The following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the 2019 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
VALUEMAX GROUP LIMITED

Yeah Hiang Nam
Managing Director and CEO