

## APPENDIX TO THE ANNUAL REPORT

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

*Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.*

This Appendix is issued by LHN Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 September 2016. Its purpose is to provide Shareholders with the relevant information relating to the proposed renewal of the general mandate for Interested Person Transactions and Share Buy-Back Mandate and to seek Shareholders’ approval for the same at the Annual General Meeting of the Company to be held at Six Battery Road #10-01 Singapore 049909, on Monday, 23 January 2017 at 10:00 a.m..

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

If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, the Notice of Annual General Meeting and the attached proxy form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or the transferee.

LHN Limited was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 13 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).

This Appendix has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone: (65) 6229 8088.



## **LHN LIMITED**

(Company Registration Number 201420225D)  
(Incorporated in the Republic of Singapore)

### **APPENDIX TO SHAREHOLDERS IN RELATION TO**

- I. THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- II. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

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## DEFINITIONS

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In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “2016 AGM”* : The AGM held on 28 January 2016
- “2017 AGM”* : The AGM to be held at Six Battery Road #10-01 Singapore 049909, on Monday, 23 January 2017 at 10:00 a.m.
- “ACRA”* : Accounting and Corporate Regulatory Authority
- “Audit Committee” or “Independent Directors”* : The audit committee of the Company comprising Mr Lee Gee Aik, Ms Ch’ng Li-Ling and Mr Eddie Yong, who are deemed to be independent for the purpose of making a recommendation to Shareholders in respect of the Proposed Renewal of the IPT Mandate
- “Act” or “Companies Act”* : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “AGM”* : The annual general meeting of the Company
- “Annual Report”* : The annual report of the Company for FY2016
- “Appendix”* : This Appendix to Shareholders dated 6 January 2017 in respect of the Proposed Renewal of the IPT Mandate and Proposed Renewal of the Share Buy-Back Mandate
- “Associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) 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
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any 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

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## DEFINITIONS

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<i>“Associated Company”</i>	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries
<i>“Board of Directors” or “Board”</i>	:	The board of Directors of the Company, as at the date of this Appendix
<i>“BVI”</i>	:	British Virgin Islands
<i>“Catalist”</i>	:	The Catalist Board of the SGX-ST
<i>“Catalist Rules”</i>	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST as amended, supplemented or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Company”</i>	:	LHN Limited
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A person who:  (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or  (b) in fact exercises Control over the Company
<i>“Constitution”</i>	:	The Constitution of the Company, as amended from time to time
<i>“Directors”</i>	:	The directors of the Company, as at the date of this Appendix
<i>“Entity At Risk”</i>	:	(a) the Company;  (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or  (c) an Associated Company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Company and the Interested Person(s), have control over the Associated Company
<i>“EPS”</i>	:	Earnings per Share
<i>“FY”</i>	:	Financial year of the Company ended or ending 30 September (as the case may be)

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## DEFINITIONS

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<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Head of Finance”</i>	:	The Company’s finance personnel who is heading the finance team at that point in time
<i>“Interested Person”</i>	:	(a) A Director, chief executive officer or Controlling Shareholder of the Company; or  (b) an Associate of any such Director, chief executive officer or Controlling Shareholder
<i>“Interested Person Transaction(s)” or “IPT(s)”</i>	:	Means a transaction between an Entity at Risk and an Interested Person
<i>“IPT Mandate”</i>	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
<i>“Latest Practicable Date”</i>	:	20 December 2016, being the latest practicable date prior to the printing of this Appendix
<i>“LHN Culinary”</i>	:	LHN Culinary Concepts Pte. Ltd.
<i>“Mandated Interested Persons”</i>	:	Has the meaning ascribed to it in Section II in the Annexure of this Appendix
<i>“Mandated Transactions”</i>	:	Has the meaning ascribed to it in Section III in the Annexure of this Appendix
<i>“Market Day”</i>	:	A day on which SGX-ST is open for securities trading
<i>“Notice”</i>	:	The notice of the annual report of the Company for the financial year ended 30 September 2016
<i>“NTA”</i>	:	Net tangible assets
<i>“NAV”</i>	:	Net asset value
<i>“Proposed Renewal of the IPT Mandate”</i>	:	The proposed renewal of the IPT Mandate
<i>“Proposed Renewal of the Share Buy-Back Mandate”</i>	:	The proposed renewal of the Share Buy-Back Mandate
<i>“PJS Companies”</i>	:	Cafe @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd., are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of the Company’s Executive Director and Group Deputy Managing Director, Jess Lim

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## DEFINITIONS

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<i>“Relevant Period”</i>	:	The period commencing from the date on which the ordinary resolution in relation to the Proposed Renewal of the Share Buy-Back Mandate is passed in a general meeting and expiring on the earliest of the date on which the next AGM is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the share capital of the Company
<i>“Shareholders”</i>	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“Share Buy-Back Mandate”</i>	:	The proposed and unconditional mandate given by Shareholders at the AGM to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
<i>“SIC”</i>	:	Securities Industry Council of Singapore
<i>“Substantial Shareholder”</i>	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued share capital of the Company
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
<i>“Treasury Shares”</i>	:	Issued Shares of the Company which was (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and has since been continuously held by the Company

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## DEFINITIONS

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### **Currencies, Units and Others**

“SGD”, “S\$”, or “cents” : Singapore dollars and cents, respectively

“%” or “per cent” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the same meaning ascribed to it under Section 5 of the Companies Act.

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 and vice versa. References to persons shall include corporations.

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

Any reference to a time of day and to dates in this Appendix is made by reference to Singapore time and dates, unless otherwise stated.

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

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# LETTER TO SHAREHOLDERS

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## LHN LIMITED

(Company Registration Number 201420225D)

(Incorporated in the Republic of Singapore)

### Directors:

Kelvin Lim (Executive Chairman and Group Managing Director)  
Jess Lim (Executive Director and Group Deputy Managing Director)  
Lee Gee Aik (Lead Independent Director)  
Ch'ng Li-Ling (Independent Director)  
Eddie Yong (Independent Director)

### Registered Office:

10 Raeburn Park  
#02-18  
Singapore 088702

6 January 2017

To: The Shareholders of LHN Limited

Dear Shareholder,

## 1. INTRODUCTION

Reference is made to the notice of the 2017 AGM dated 6 January 2017 (the “**Notice**”) of LHN Limited, which is set out on pages 127 to 132 of the Annual Report.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders’ approval for, the Proposed Renewal of the IPT Mandate and Proposed Renewal of the Share Buy-Back Mandate to be tabled at the forthcoming AGM.

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

## 2. THE PROPOSED RENEWAL OF THE IPT MANDATE

### 2.1 Background

Chapter 9 of the Catalist Rules governs transactions between a listed company or any of its unlisted subsidiaries or unlisted associated companies and interested persons. Pursuant to Rule 920 of the Catalist Rules, a listed company is allowed to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

As approved in the 2016 AGM, Shareholders whom have subscribed for the Shares are deemed to have approved the general mandate for the Group to enter into the Interested Person Transactions with the Mandated Interested Persons (the “**IPT Mandate**”) which are set out in Annexure to this Appendix.

### 2.2 Validity Period of the IPT Mandate

The IPT Mandate, if renewed, will take effect from the date of receipt of Shareholders’ approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from Shareholders will be sought for the renewal of

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## LETTER TO SHAREHOLDERS

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the IPT Mandate at each subsequent AGM to the date by which the next AGM if required by law to be held, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Persons.

The IPT Mandate was last renewed at the 2016 AGM and continues to be in force until the conclusion of the 2017 AGM. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2017 AGM to take effect until the next AGM. There is no change to the scope and terms of the IPT Mandate which is proposed to be renewed.

### **2.3 Rationale and Benefits for the Proposed Renewal of the IPT Mandate**

It is anticipated that the Group would, in the ordinary course of business, continue to enter into certain transactions with the Mandated Interested Persons. It is likely that such transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of commercial transactions, it would be advantageous to renew the IPT Mandate to enter into certain IPTs in the normal course of business, provided that all such IPTs are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders.

The renewal of the IPT Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with a specific class of Mandated Interested Persons arise, thereby substantially reducing the administrative time and expenses in convening such general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The IPT Mandate is intended to facilitate transactions in the normal course of business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company and minority Shareholders.

### **2.4 Annexure**

Details of the IPTs, including the classes of Mandated Interested Persons, scope of Mandated Transactions, review procedures for Mandated Transactions with Mandated Interested Persons and other general information in relation to Chapter 9 of the Catalist Rules, are set out in the Annexure to this Appendix.

### **2.5 Disclosure**

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:–

- (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues to be in force); and
- (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

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## LETTER TO SHAREHOLDERS

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Disclosure has been made in the section on IPTs in the Annual Report for the aggregate value of transactions in excess of S\$100,000 conducted with the Mandated Interested Persons pursuant to the IPT Mandate.

### 2.6 Audit Committee's Statements

The Audit Committee confirms that:–

- (a) the methods or procedures for determining the transaction prices has not changed since the 2016 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions with the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, the Company will seek a fresh general mandate from the Shareholders based on new guidelines and review procedures so that Mandated Transactions will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.

## 3. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

### 3.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's Constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 50(2) of the Constitution expressly permits the Company to purchase its issued Shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. The Share Buy-Back Mandate was renewed by the Shareholders at the 2016 AGM and would expire in the 2017 AGM. Accordingly, approval is being sought from Shareholders at the 2017 AGM for the Proposed Renewal of the Share Buy-Back Mandate.

### 3.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit, subject to market conditions.

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The Directors believe that Share buy-backs provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to lead to enhancing the EPS and/or NAV per Share. The Directors believe that a Share buy-back by the Company will also help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. Further, Share buy-backs will allow management to effectively manage and minimise the dilution impact, if any, that may be associated with any share-based incentive scheme of the Company. The Directors may also purchase existing Shares to be held in treasury, and such Treasury Shares may consequently be transferred for the purposes of employee share schemes implemented by the Company.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases via on-market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company or the Group as a whole and when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders.

### 3.3 Terms of the Share Buy-Back Mandate

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

#### 3.3.1 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 pursuant to the Share Buy-Back Mandate during the Relevant Period is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, as at the date of the 2017 AGM at which the Proposed Renewal of the Share Buy-Back Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital by a special resolution of the Company in accordance under Section 78C of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered by the special resolution of the Company or by the order of the court or the case may be. For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as Treasury Shares will be disregarded.

**For illustrative purposes only**, based on the existing issued and paid-up share capital of the Company as at 30 September 2016 comprising 360,004,200 Shares (excluding 1,853,000 Treasury Shares), and assuming that no further Shares are issued on or prior to

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## LETTER TO SHAREHOLDERS

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the 2017 AGM, not more than 36,000,420 Shares (representing 10% of the issued and paid-up share capital of the Company as at the date of the 2017 AGM) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

### 3.3.2 Duration of Authority

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

- (a) the conclusion of the next AGM or the date by which such AGM is required by law to be held;
- (b) the date on which the buy-back of the Shares are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting.

The Share Buy-Back Mandate may be renewed at each AGM or any other general meeting of the Company.

### 3.3.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of:

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act.

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

- (i) offer for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be 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. (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

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## LETTER TO SHAREHOLDERS

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

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share buy-back;
- (iv) the consequences, if any, of Share buy-back by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share buy-back, if made, would have any effect on the listing of the Shares on Catalist;
- (vi) details of any Share buy-back made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), setting out 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
- (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

If approved by Shareholders at the 2017 AGM, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

### 3.3.4 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 the Shares pursuant to the purchase or acquisition of the Shares, 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 in accordance with an equal access scheme, 110% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excludes related expenses of the purchase or acquisition.

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For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate actions, in accordance with the Catalist Rules, that occurs after the relevant five (5)-day period.

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 3.4 Status of Purchased Shares

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, as the Directors deem fit in the best interests of the Company at that time.

#### 3.4.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

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

#### 3.4.2 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:

(a) Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.



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## LETTER TO SHAREHOLDERS

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(b) 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. A subdivision of any Treasury Shares into Treasury Shares of a larger amount, or consolidation of any Treasury Shares into Treasury Shares of a smaller amount, is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

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

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of, or pursuant to an employees' share scheme of the Company;
- (iii) transfer the Treasury Shares as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating 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) 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 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.



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## LETTER TO SHAREHOLDERS

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### 3.5 Source of Funds for Share Buy-Back

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on Catalist for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules and Companies Act. As stated in the Companies Act, the Share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses incurred directly in the purchase or acquisition by the Company of its Shares) ("**Purchase Price**") and the amount available for the distribution of dividends by the Company will not be reduced;
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits and the amount available for distribution of dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

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

The Directors do not propose to exercise the Share buy-backs in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

### 3.6 Take-over Implications under the Take-over Code

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 3.6.1 Appendix 2 of the Take-over Code

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

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## LETTER TO SHAREHOLDERS

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

Rule 14 of the Take-over Code (“**Rule 14**”) requires, *inter alia*, that except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

### 3.6.3 Persons acting in concert

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, *inter alia*, will be presumed to be acting in concert, namely:

- (a) 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);
- (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status;
- (c) an individual with his/her close relatives, related trusts and person(s) who are accustomed to act in accordance with his instructions.

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

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## LETTER TO SHAREHOLDERS

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Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are set out in Section 4 of this Appendix.

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 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

### 3.6.4 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 and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

- (a) the voting rights of such Directors and persons acting in concert with them would increase to 30% or more; or
- (b) in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Shareholder would increase to 30% or more; or
- (b) 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 ordinary resolution authorising the Share Buy-Back Mandate.

### 3.7 Advice to Shareholders

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company 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 ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS AND/OR SIC AND/OR OTHER RELEVANT AUTHORITIES AT THE EARLIEST OPPORTUNITY.**

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## LETTER TO SHAREHOLDERS

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### 3.8 Financial Impact

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration (including brokerage, commission, applicable goods and services tax and other related expenses) 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.

The financial effects presented in this section of this Appendix are based on the assumptions set out below:

(a) Information as at 30 September 2016

As at 30 September 2016, the Company has 360,004,200 issued Shares excluding 1,853,000 Treasury Shares.

Such 1,853,000 Treasury Shares have been disposed, cancelled or utilised in accordance to Section 3.4.2 of this Appendix before the date of the 2017 AGM. Any amount of existing Treasury Shares not disposed, cancelled or utilised in accordance to Section 3.4.2 of this Appendix before the date of the 2017 AGM would correspondingly reduce the maximum number of Shares purchased or acquired as illustrated below.

(b) Maximum number of Shares purchased or acquired

**Purely for illustrative purposes**, on the basis of 360,004,200 Shares, excluding 1,853,000 Treasury Shares in issue as at 30 September 2016 and assuming no further Shares are issued on or prior to the 2017 AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase of 36,000,420 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 36,000,420 Shares at the Maximum Price of S\$0.197 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount required for the purchase or acquisition of 36,000,420 Shares is approximately S\$7.1 million.

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## LETTER TO SHAREHOLDERS

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In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 36,000,420 Shares at the Maximum Price of S\$0.207 for each Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount required for the purchase or acquisition of 36,000,420 Shares is approximately S\$7.5 million.

**For illustrative purposes only** and on the basis of the assumptions set out above and assuming that (a) the purchase of Shares will be funded by the Company solely from its internal funds through loan repayments from subsidiaries to the Company prior to the purchase or acquisition of Shares by the Company; (b) the Share Buy-Back Mandate had been effective on 1 October 2015; (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have been ignored for the purposes of computing the financial effects; and (d) the Company had purchased the 36,000,420 Shares (representing 10% of the total number of issued Shares of the Company as at 30 September 2016) on 1 October 2015, the financial effects of:

- (i) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as Treasury Shares ("**Scenario A**");
- (ii) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled ("**Scenario B**");
- (iii) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of profits and held as Treasury Shares ("**Scenario C**"); and
- (iv) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of profits and cancelled ("**Scenario D**"),

on the audited financial results of the Company and the Group for FY2016, are set out on pages 20 to 23:

## LETTER TO SHAREHOLDERS

### Scenario A

	Group			Company		
	Before Share Buyback	After Share Buyback After Market Purchase	After Share Buyback After Off-Market Purchase	Before Share Buyback	After Share Buyback After Market Purchase	After Share Buyback After Off-Market Purchase
<b>(S\$'000)</b>						
Share Capital	51,287	51,287	51,287	51,287	51,287	51,287
Other Reserves	(27,256)	(27,256)	(27,256)	–	–	–
Retained Profits	46,507	46,507	46,507	3,070	3,070	3,070
Exchange Fluctuation Reserve	(744)	(744)	(744)	–	–	–
Treasury Shares	(245)	(7,337)	(7,697)	(245)	(7,337)	(7,697)
<b>Total Shareholders' Equity</b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
<b>NTA<sup>(1)</sup></b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
Current Assets	49,133	42,041	41,681	22,715	15,623	15,263
Current Liabilities	30,920	30,920	30,920	1,329	1,329	1,329
<b>Working Capital</b>	<b>18,213</b>	<b>11,121</b>	<b>10,761</b>	<b>21,386</b>	<b>14,294</b>	<b>13,934</b>
Total Borrowings	23,768	23,768	23,768	–	–	–
Cash and cash equivalents	19,926	12,834	12,474	2,872	2,872	2,872
Total Number of Issued Shares ('000)	360,004 <sup>(5)</sup>	324,004	324,004	360,004 <sup>(5)</sup>	324,004	324,004
Weighted Average Number of Shares ('000)	361,335	325,335	325,335	361,335	325,335	325,335
Net Profit attributable to Shareholders	15,094	15,094	15,094	2,750	2,750	2,750
<b>Financial Ratios</b>						
NTA per share (cents) <sup>(2)</sup>	19.32	19.28	19.17	15.03	14.51	14.40
Gearing (times) <sup>(3)</sup>	0.3	0.4	0.4	–	–	–
Current Ratio (times)	1.6	1.4	1.3	17.1	11.8	11.5
EPS (cents) <sup>(4)</sup>	4.18	4.64	4.64	0.76	0.85	0.85

#### **Notes:**

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 September 2016 (excluding Treasury Shares).
- (3) Gearing equals to total bank and other borrowings divided by total shareholders' equity.
- (4) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares during FY2016 (excluding Treasury Shares).
- (5) Based on the issued share capital of 360,004,200 ordinary shares as at 30 September 2016.

## LETTER TO SHAREHOLDERS

### Scenario B

	Group			Company		
	Before Share Buyback	After Share After Market Purchase	Buyback After Off-Market Purchase	Before Share Buyback	After Share After Market Purchase	Buyback After Off-Market Purchase
<b>(S\$'000)</b>						
Share Capital	51,287	44,195	43,835	51,287	44,195	43,835
Other Reserves	(27,256)	(27,256)	(27,256)	–	–	–
Retained Profits	46,507	46,507	46,507	3,070	3,070	3,070
Exchange Fluctuation Reserve	(744)	(744)	(744)	–	–	–
Treasury Shares	(245)	(245)	(245)	(245)	(245)	(245)
<b>Total Shareholders' Equity</b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
<b>NTA<sup>(1)</sup></b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
Current Assets	49,133	42,041	41,681	22,715	15,623	15,263
Current Liabilities	30,920	30,920	30,920	1,329	1,329	1,329
<b>Working Capital</b>	<b>18,213</b>	<b>11,121</b>	<b>10,761</b>	<b>21,386</b>	<b>14,294</b>	<b>13,934</b>
Total Borrowings	23,768	23,768	23,768	–	–	–
Cash and cash equivalents	19,926	12,834	12,474	2,872	2,872	2,872
Total Number of Issued Shares ('000)	360,004 <sup>(5)</sup>	324,004	324,004	360,004 <sup>(5)</sup>	324,004	324,004
Weighted Average Number of Shares ('000)	361,335	325,335	325,335	361,335	325,335	325,335
Net Profit attributable to Shareholders	15,094	15,094	15,094	2,750	2,750	2,750
<b>Financial Ratios</b>						
NTA per share (cents) <sup>(2)</sup>	19.32	19.28	19.17	15.03	14.51	14.40
Gearing (times) <sup>(3)</sup>	0.3	0.4	0.4	–	–	–
Current Ratio (times)	1.6	1.4	1.3	17.1	11.8	11.5
EPS (cents) <sup>(4)</sup>	4.18	4.64	4.64	0.76	0.85	0.85

#### **Notes:**

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 September 2016 (excluding Treasury Shares).
- (3) Gearing equals to total bank and other borrowings divided by total shareholders' equity.
- (4) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares during FY2016 (excluding Treasury Shares).
- (5) Based on the issued share capital of 360,004,200 ordinary shares as at 30 September 2016.

## LETTER TO SHAREHOLDERS

### Scenario C

	Group			Company		
	Before Share Buyback	After Share Buyback After Market Purchase	After Share Buyback After Off-Market Purchase	Before Share Buyback	After Share Buyback After Market Purchase	After Share Buyback After Off-Market Purchase
<b>(S\$'000)</b>						
Share Capital	51,287	51,287	51,287	51,287	51,287	51,287
Other Reserves	(27,256)	(27,256)	(27,256)	–	–	–
Retained Profits	46,507	46,507	46,507	3,070	3,070	3,070
Exchange Fluctuation Reserve	(744)	(744)	(744)	–	–	–
Treasury Shares	(245)	(7,337)	(7,697)	(245)	(7,337)	(7,697)
<b>Total Shareholders' Equity</b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
<b>NTA<sup>(1)</sup></b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
Current Assets	49,133	42,041	41,681	22,715	15,623	15,263
Current Liabilities	30,920	30,920	30,920	1,329	1,329	1,329
<b>Working Capital</b>	<b>18,213</b>	<b>11,121</b>	<b>10,761</b>	<b>21,386</b>	<b>14,294</b>	<b>13,934</b>
Total Borrowings	23,768	23,768	23,768	–	–	–
Cash and cash equivalents	19,926	12,834	12,474	2,872	2,872	2,872
Total Number of Issued Shares ('000)	360,004 <sup>(5)</sup>	324,004	324,004	360,004 <sup>(5)</sup>	324,004	324,004
Weighted Average Number of Shares ('000)	361,335	325,335	325,335	361,335	325,335	325,335
Net Profit attributable to Shareholders	15,094	15,094	15,094	2,750	2,750	2,750
<b>Financial Ratios</b>						
NTA per share (cents) <sup>(2)</sup>	19.32	19.28	19.17	15.03	14.51	14.40
Gearing (times) <sup>(3)</sup>	0.3	0.4	0.4	–	–	–
Current Ratio (times)	1.6	1.4	1.3	17.1	11.8	11.5
EPS (cents) <sup>(4)</sup>	4.18	4.64	4.64	0.76	0.85	0.85

#### Notes:

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 September 2016 (excluding Treasury Shares).
- (3) Gearing equals to total bank and other borrowings divided by total shareholders' equity.
- (4) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares during FY2016 (excluding Treasury Shares).
- (5) Based on the issued share capital of 360,004,200 ordinary shares as at 30 September 2016.



## LETTER TO SHAREHOLDERS

### Scenario D

	Group			Company		
	Before Share Buyback	After Share After Market Purchase	Buyback After Off-Market Purchase	Before Share Buyback	After Share After Market Purchase	Buyback After Off-Market Purchase
<b>(S\$'000)</b>						
Share Capital	51,287	51,287	51,287	51,287	51,287	51,287
Other Reserves	(27,256)	(27,256)	(27,256)	–	–	–
Retained Profits/ (Accumulated Losses)	46,507	39,415	39,055	3,070	(4,022)	(4,382)
Exchange Fluctuation Reserve	(744)	(744)	(744)	–	–	–
Treasury Shares	(245)	(245)	(245)	(245)	(245)	(245)
<b>Total Shareholders' Equity</b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
<b>NTA<sup>(1)</sup></b>	<b>69,549</b>	<b>62,457</b>	<b>62,097</b>	<b>54,112</b>	<b>47,020</b>	<b>46,660</b>
Current Assets	49,133	42,041	41,681	22,715	15,623	15,263
Current Liabilities	30,920	30,920	30,920	1,329	1,329	1,329
<b>Working Capital</b>	<b>18,213</b>	<b>11,121</b>	<b>10,761</b>	<b>21,386</b>	<b>14,294</b>	<b>13,934</b>
Total Borrowings	23,768	23,768	23,768	–	–	–
Cash and cash equivalents	19,926	12,834	12,474	2,872	2,872	2,872
Total Number of Issued Shares ('000)	360,004 <sup>(5)</sup>	324,004	324,004	360,004 <sup>(5)</sup>	324,004	324,004
Weighted Average Number of Shares ('000)	361,335	325,335	325,335	361,335	325,335	325,335
Net Profit attributable to Shareholders	15,094	15,094	15,094	2,750	2,750	2,750
<b>Financial Ratios</b>						
NTA per share (cents) <sup>(2)</sup>	19.32	19.28	19.17	15.03	14.51	14.40
Gearing (times) <sup>(3)</sup>	0.3	0.4	0.4	–	–	–
Current Ratio (times)	1.6	1.4	1.3	17.1	11.8	11.5
EPS (cents) <sup>(4)</sup>	4.18	4.64	4.64	0.76	0.85	0.85

#### **Notes:**

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 September 2016 (excluding Treasury Shares).
- (3) Gearing equals to total bank and other borrowings divided by total shareholders' equity.
- (4) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares during FY2016 (excluding Treasury Shares).
- (5) Based on the issued share capital of 360,004,200 ordinary shares as at 30 September 2016.

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## LETTER TO SHAREHOLDERS

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The actual impact will depend on the number and price of the Shares bought back. As stated, 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 and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

**Shareholders should note that the financial effects illustrated, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Group and Company for FY2016, and is not necessarily representative of the future financial performance of the Group and the Company.**

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

### 3.9 Taxation

Pursuant to Section 10J of the Income Tax Act, Chapter 134 of Singapore, where a company buys back its own shares and makes payment out of its contributed capital, it will not be regarded as a payment of dividend. Where a company buys back its own shares using its distributable profits, it is deemed as having paid a dividend to the shareholders from whom the shares are purchased or acquired.

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

### 3.10 Interested Persons

The Company is prohibited from knowingly buying Shares on Catalist from an Interested Person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an Interested Person is prohibited from knowingly selling his Shares to the Company.

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## LETTER TO SHAREHOLDERS

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### 3.11 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required by ACRA.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

### 3.12 Catalist Rules

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent (10%) of its Shares are in the hands of the public. The term "**public**", as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries; and (ii) the Associates of persons in (i).

As at the Latest Practicable Date, approximately 23.58% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 15.09%.

The Directors will use their best efforts to ensure that the Company does not effect buy-back of Shares if the buy-back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company or adversely affect the orderly trading of the Shares.

Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3.3.4 of this Appendix, conforms to this restriction.

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## LETTER TO SHAREHOLDERS

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

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its Shares; and
- (b) in the case of an Off-Market Purchase in accordance with an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares after purchase, in the form of Appendix 8D prescribed under the Catalist Rules.

While the Catalist Rules does not expressly prohibit any purchase of Shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one (1) month immediately preceding the announcement of the Company’s full year financial statements.

### 3.13 Details of the Shares Bought by the Company in the Previous 12 Months

The Company has made the following purchases by way of Market Purchases over the past twelve (12) months.

<b>Date</b>	<b>Total number of Shares purchased</b>	<b>Purchase price per Share (S\$)</b>	<b>Total consideration paid (S\$)</b>
18/7/2016	698,000	0.133	93,072.41
19/7/2016	855,000	0.131585	112,794.09
20/7/2016	100,000	0.1315	13,198.43
21/7/2016	200,000	0.132	26,467.80
<b>Total</b>	<b>1,853,000</b>		<b>245,532.73</b>

The above Shares purchased were held as Treasury Shares up to the Latest Practicable Date.

## LETTER TO SHAREHOLDERS

### 4. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

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

	Before Share Buyback			After Share Buyback
	Direct Interest	Deemed Interest	%	
	No. of Shares	No. of Shares	% <sup>(1)</sup>	% <sup>(2)</sup>
<b>Directors</b>				
Kelvin Lim <sup>(3)(4)(5)(6)(7)</sup>	–	275,000,000	76.39	84.88
Jess Lim <sup>(3)(4)(5)(6)(7)</sup>	–	275,000,000	76.39	84.88
Lee Gee Aik	–	–	–	–
Ch'ng Li-Ling	–	–	–	–
Eddie Yong	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Trident Trust Company (B.V.I.) Limited <sup>(4)</sup>	–	275,000,000	76.39	84.88
LHN Capital Pte. Ltd. <sup>(5)</sup>	–	275,000,000	76.39	84.88
HN Capital Ltd. <sup>(6)</sup>	–	275,000,000	76.39	84.88
Hean Nerng Group Pte. Ltd. <sup>(7)</sup>	275,000,000	–	76.39	84.88
Lim Hean Nerng <sup>(7)</sup>	–	275,000,000	76.39	84.88
Foo Siau Foon <sup>(7)</sup>	–	275,000,000	76.39	84.88
Lim Yun En <sup>(7)</sup>	–	275,000,000	76.39	84.88
Lim Wei Yong Matthew <sup>(7)</sup>	–	275,000,000	76.39	84.88
Lim Wei Yee <sup>(7)</sup>	–	275,000,000	76.39	84.88
Lin Weichen <sup>(7)</sup>	–	275,000,000	76.39	84.88
Lim Wei Kheng (Lin Weiqing) <sup>(7)</sup>	–	275,000,000	76.39	84.88

**Notes:**

- (1) The percentage is calculated based on issued number of Shares of the Company of 360,004,200 Shares (excluding 1,853,000 Treasury Shares) as at the Latest Practicable Date.
- (2) Assuming the Company purchases or acquires the maximum number of Shares pursuant to the Share Buy-Back Mandate, the percentage after the Share buy-back is calculated based on 324,003,780 Shares.
- (3) Kelvin Lim and Jess Lim are siblings. They are therefore deemed interested in each other's interests in the Shares of the Company.
- (4) Trident Trust Company (B.V.I.) Limited, a licensed trust company incorporated in BVI, holds the entire issued and paid-up share capital in LHN Capital Pte. Ltd. as trustee of The Land Banking Trust in BVI. LHN Capital Pte. Ltd., a company incorporated in Singapore, is the trustee of The LHN Capital Trust in Singapore. LHN Capital Pte. Ltd. holds the entire issued and paid-up share capital in HN Capital Ltd., a company incorporated in BVI. The Land Banking Trust is a discretionary purpose trust with the principal purpose of (a) promoting the operation of the businesses owned directly or indirectly by LHN Capital Pte. Ltd. ("**LHN Capital Business**"); and (b) to enable the operation of the LHN Capital Business in accordance with the terms of the business plan. Accordingly, there are no beneficiaries to The Land Banking Trust. The LHN Capital Trust is a discretionary irrevocable trust which the trustee, LHN Capital Pte. Ltd., has all powers in relation to the property comprised in The LHN Capital Trust as the legal owner of such property, subject to any express restrictions contained in The LHN Capital Trust. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Lim Hean Nerng, Foo Siau Foon,

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## LETTER TO SHAREHOLDERS

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Kelvin Lim and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen and Lim Wei Kheng (Lin Weiqing)) ("**LHN Capital Trust Beneficiaries**"). Trident Trust Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust.

HN Capital Ltd., Jess Lim and Kelvin Lim hold 85.0%, 10.0% and 5.0% respectively of the entire issued and paid-up share capital in Hean Nerng Group Pte. Ltd.. Kelvin Lim and Jess Lim are also directors of Hean Nerng Group Pte. Ltd..

As Trident Trust Company (B.V.I.) Limited and its associates, namely LHN Capital Pte. Ltd. and HN Capital Ltd., are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., Trident Trust Company (B.V.I.) Limited is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..

- (5) Kelvin Lim and Jess Lim are directors of LHN Capital Pte. Ltd.. In connection with footnote (4) above, as LHN Capital Pte. Ltd. and its associate, namely HN Capital Ltd. are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., LHN Capital Pte. Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..
- (6) Kelvin Lim and Jess Lim are directors of HN Capital Ltd.. In connection with footnote (4) above, as HN Capital Ltd. is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., HN Capital Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..
- (7) Section 4(3) of the SFA provides that "where any property held in trust consists of or includes securities and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be deemed to have an interest in those securities". In connection with footnote (4) above and pursuant to Section 4(3) of the SFA, The LHN Capital Trust Beneficiaries are deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..

Notwithstanding that each of Lim Hean Nerng, Foo Siau Foon and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen and Lim Wei Kheng (Lin Weiqing)), being a beneficiary of The LHN Capital Trust, is deemed to be interested in 15.0% or more of the voting shares of the Company, each of them only receives an economic benefit under The LHN Capital Trust but has no control over the property comprised in The LHN Capital Trust and also does not, in fact, have any voting rights in or exercise control over the Company. Pursuant to the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("**SFR**"), a controlling shareholder in relation to a corporation means (a) a person who has an interest in the voting shares of the corporation and who exercises control over the corporation; or (b) a person who has an interest in the voting shares of the corporation of an aggregate of not less than 30.0% of the total votes attached to all voting shares in the corporation, unless he does not exercise control over the corporation. Accordingly, it is not meaningful to consider them as Controlling Shareholders of the Company within the meaning of the Fourth Schedule of the SFR.

However, as Lim Hean Nerng was one of the initial founders of the Group and is deemed to be interested in 15.0% or more of the voting shares of the Company through The LHN Capital Trust, as disclosed in the Company's offer document dated 1 April 2015, he is considered to be a Controlling Shareholder.

However, Foo Siau Foon and each of Kelvin Lim's direct lineal issues are considered Substantial Shareholders of the Company because they are deemed interested in the Shares held by Hean Nerng Group Pte. Ltd., being not less than 5.0% of the total votes attached to all the voting shares of the Company.

However, Kelvin Lim, a beneficiary of The LHN Capital Trust, is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd. and the Company. Accordingly, he is deemed to be able to exercise control over the Company and is deemed to be a Controlling Shareholder of the Company.

Jess Lim is Kelvin Lim's sibling and is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd. and the Company. Accordingly, she is deemed to be able to exercise control over the Company and is deemed to be a Controlling Shareholder of the Company.

Neither the Directors nor the Substantial Shareholders of the Company (other than in his/her capacity as a Director or Shareholder of the Company), as well as their respective associates, has any interest, direct or indirect in the Proposed Renewal of the IPT Mandate.

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## LETTER TO SHAREHOLDERS

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Based on the interest of the Substantial Shareholders recorded in the Register of Substantial Shareholders and the interest of Directors recorded in the Register of Directors' Shareholdings, the Directors are not aware of any Substantial Shareholders or group of Shareholders acting in concert that will be obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code as a result of the acquisition or purchase by the Company of the maximum limit of 10% of its issued Shares pursuant to the Share Buy-Back Mandate.

### **5. INDEPENDENT DIRECTORS' RECOMMENDATION**

The Independent Directors who are considered independent for the purposes of the Proposed Renewal of the IPT Mandate, having carefully considered the rationale and benefits of the IPT Mandate, as set out in Section 2.3 of this Appendix, are of the opinion that the Proposed Renewal of the IPT Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of ordinary resolution 9 as in respect of the Proposed Renewal of the IPT Mandate stated in the Notice.

### **6. DIRECTORS' RECOMMENDATION**

The Directors, having carefully considered the rationale and benefits of the Share Buy-Back Mandate, as set out in section 3.2 of this Appendix, are of the opinion that the Proposed Renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of ordinary resolution 10 in respect of the Proposed Renewal of the Share Buy-Back Mandate as stated in the Notice.

### **7. ANNUAL GENERAL MEETING**

The 2017 AGM, notice of which is set out on pages 127 to 132 of the Annual Report, will be held at Six Battery Road #10-01 Singapore 049909, on Monday, 23 January 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice.

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

Shareholders who are unable to attend the 2017 AGM and wish to appoint a proxy to attend and vote at the 2017 AGM on their behalf must complete, sign and return the proxy form attached to the notice of 2017 AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 10 Raeburn Park, #02-18, Singapore 088702 not less than 48 hours before the time fixed for the 2017 AGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the 2017 AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder of the Company and not entitled to attend the 2017 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2017 AGM.



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## LETTER TO SHAREHOLDERS

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### 9. 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 Renewal of the IPT Mandate and the Proposed Renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, 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.

### 10. ABSTENTION FROM VOTING

Kelvin Lim and Jess Lim, whom are Executive Directors of the Company, and their Associates, will abstain from voting their shareholdings in respect of ordinary resolution 9 approving the Proposed Renewal of the IPT Mandate. Kelvin Lim and Jess Lim will also decline, and will ensure that their Associates will decline to accept appointment as proxy(ies) to vote on the ordinary resolution 9 in respect of the Proposed Renewal of the IPT Mandate to be tabled at the 2017 AGM unless specific instructions as to voting have been given by the Shareholder concerned.

### 11. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 10 Raeburn Park, #02-18, Singapore 088702 during normal business hours from the date of this Appendix up to the date of the 2017 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report.

Yours faithfully  
For and on behalf of the Board of Directors  
**LHN LIMITED**

Kelvin Lim  
Executive Chairman and Group Managing Director



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## ANNEXURE TO APPENDIX

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### THE IPT MANDATE

#### I. General Information Relating To Chapter 9 of the Catalyst Rules

##### Scope

Chapter 9 applies to transactions which a listed company or any of its subsidiaries (other than a subsidiary that is listed on an approved stock exchange) or associated companies (other than an associated company that is listed on an approved stock exchange or over which the listed group and/or its interested person(s) has no control) proposes to enter into a counter-party who is an interested person of the listed company.

##### Definitions

An “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An “**associate**” means:–

- (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:–
  - (i) his immediate family;
  - (ii) 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
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) 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 it's 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.

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 the group.

A “**controlling shareholder**” means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over its listed company.

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## ANNEXURE TO APPENDIX

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### General Requirements

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement, or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

- (a) the value of such transaction is equal to or exceeds five per cent (5%) of the latest audited consolidated NTA of the group; or
- (b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds five per cent (5%) of the latest audited consolidated NTA of the group. However, a transaction which has been approved by shareholders, or is the subject approved by shareholders, need not be included in any subsequent aggregation.

Immediate announcement of a transaction is required where:

- (a) the value of such transaction is equal to or exceeds three per cent (3%) of the latest audited consolidated NTA of the group, or
- (b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds three per cent (3%) of the latest audited consolidated NTA of the group.

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

### General Mandate

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons 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. A general mandate is subject to annual renewal.

## II. Classes of Mandated Interested Persons

During FY2016, the shareholding of LHN Culinary was transferred from Hean Nerng Group Pte. Ltd. to Lim Hean Nerng, who was one of the initial founders of the Group. Our Executive Directors and their immediate family are directly and indirectly interested in the entire issued and paid-up share capital of Hean Nerng Group Pte. Ltd. through HN Capital Ltd. and The LHN Capital Trust. The subsidiaries of LHN Culinary comprises, namely of Alkaff Mansion Ristorante Pte. Ltd. and Parco Caffe Holdings Pte. Ltd. and are involved in the food and beverage business.

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## ANNEXURE TO APPENDIX

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The beneficiaries of The LHN Capital Trust comprises of Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen and Lim Wei Kheng (Lin Weiqing)). Trident Trust Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust. Trident Trust Company (B.V.I.) Limited and its associates, are entitled to exercise control of Hean Nerng Group Pte. Ltd..

PJS Companies, which includes Cafe @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd., are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of the Company's Executive Director and Group Deputy Managing Director, Jess Lim.

Accordingly, certain transactions entered into between the Company together with its subsidiaries and/or associated companies and LHN Culinary and its subsidiaries, beneficiaries of The LHN Capital Trust as well as PJS Companies will therefore constitute as interested person transactions under Chapter 9.

The IPT Mandate will apply to the transactions that are carried out with the following classes of Interested Persons:

- (a) certain members of the Lim family (collectively, the "**Lim Family**") who are or may from time to time be or become beneficiaries of The LHN Capital Trust;
- (b) the Executive Directors, Kelvin Lim and Jess Lim;
- (c) LHN Culinary, its subsidiaries and its Associated Companies;
- (d) the PJS Companies, their respective subsidiaries and their respective Associated Companies; and
- (e) the respective Associates of the parties named in (a) and (b) above,

(collectively, the "**Mandated Interested Persons**").

While not all Mandated Interested Persons currently have ongoing transactions with the Group, the Group has included them in the IPT Mandate as the Group envisages that they may enter into transactions with the Mandated Interested Persons in the future. Transactions between the Mandated Interested Persons and the Group which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Group's latest audited NTA, future transactions of such a nature will be subject to Shareholders' approval before they can be entered into.

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## ANNEXURE TO APPENDIX

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### III. Categories of Mandated Interested Person Transactions

It is envisaged that in the ordinary course of business, the following transactions between the Group and the Mandated Interested Person(s) are likely to occur from time to time:

- (a) the provision or obtaining of leases or sub-leases of commercial space, industrial space, residential space and/or land to or from the Mandated Interested Persons;
- (b) the provision of facilities management services under the Group's Facilities Management business such as building maintenance services, security services and pest control services to the Mandated Interested Persons;
- (c) the provision of renovation and related services such as, project management services, fitting-out works, addition and alteration works and replacement of mechanical and electrical installations to the Mandated Interested Persons;
- (d) purchase of food and beverage products and services from the Mandated Interested Persons; and
- (e) the provision or obtaining of such other products and/or services which are incidental to or in connection with the transactions in (a) to (d) above,

(collectively, the "**Mandated Transactions**").

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate. The IPT Mandate will also not cover any transactions by the Group with a Mandated Interested Person(s) that has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions with other Interested Persons (other than the classes of Mandated Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or applicable provisions of the Catalist Rules and/or any applicable law. Transactions conducted under the IPT Mandate are not subject to Rules 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

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## ANNEXURE TO APPENDIX

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### IV. Review Procedures for Mandated Transactions with Mandated Interested Persons

The Group has established an internal control system and review procedures in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on an arm's length basis and on normal commercial terms, supported by independent valuation where appropriate, and are consistent with the Group's usual policies and practices and are not prejudicial to the interests of the Company and minority Shareholders.

(a) In particular, the following review procedures have been put in place:

(i) *Provision of services or sale of products to Mandated Interested Persons*

aa. In general, all contracts entered into or transactions with Mandated Interested Persons are to be carried out in accordance with the Group's usual business policies and practices, consistent with the usual margins or at the prevailing market rates for the same or substantially similar type of service or product provided, and on terms which are no more favourable to the Mandated Interested Persons than those extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms. Where possible and practicable, the Group will use its reasonable endeavours to make comparisons with at least two (2) other contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions. In the event where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the Head of Finance and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transactions) will, subject to the approval thresholds set out below, determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, the Group's then prevailing capacity and resources, nature and scope of services, rationale for and benefits of the transaction, duration of the contracts or services, requirements and specifications, industry's terms and practices (if applicable) and credit standing of the Mandated Interested Persons.

bb. *Provision of property leases or sub-leases*

In addition to (i)(aa) above, in relation to the provision of property leases or sub-leases to Mandated Interested Persons, factors such as, but not limited to, costs of services, prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factors which may affect the rental rates or terms of the lease, will be taken into account. The amount of rental payable by the Mandated Interested Persons shall not be more favourable than the rental payable by unrelated third parties for similar properties in terms of, *inter alia*, size, location, quality of premise and credit terms.

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*cc. Provision of facilities management services*

In addition to (i)(aa) above, in relation to the provision of facilities management services, factors such as, but not limited to, costs of services, scope of work and budgetary evaluations according to customer requirements, will be taken into account and marked up with a gross profit margin which will not be more favourable to the Mandated Interested Persons than those extended to unrelated third parties, in line with the Company's usual business and pricing policies.

*dd. Provision of renovation and related services*

Renovation and related services are primarily provided to entities within the Group for internal support in connection with the Group's businesses and operations. Although the Group may extend such services to unrelated third parties such as the tenants, upon request, revenue contribution from such renovation and related services provided to the tenants were historically not material. In the event that the Group renders any renovation and related services to Mandated Interested Persons, factors such as, but not limited to, costs of services provided, scope of work and duration of the renovation period, will be taken into account and marked up with a gross profit margin which will not be more favourable to the Mandated Interested Persons than those extended to unrelated third parties. In addition, the Head of Finance and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transactions) will, subject to the approval thresholds set out below, determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, the Group's then prevailing capacity and resources, nature and scope of services, rationale for and benefits of the transaction, duration of the services and credit standing of the Mandated Interested Persons, prior to rendering any renovation and related services to Mandated Interested Persons.

*(ii) Obtaining of services or purchasing of products from Mandated Interested Persons*

aa. All contracts entered into or transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality, reputation, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

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## ANNEXURE TO APPENDIX

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- bb. In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the Head of Finance and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by the Mandated Interested Persons.
  - cc. In addition to (ii)(aa) above, with regards to the obtaining of property leases or sub-leases from Mandated Interested Persons, factors such as, but not limited to, prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, market rental rates as determined by independent valuers, the tenure of the lease, the area of the leased premises and any other factors which may affect the rental rates or terms of the lease, will be taken into account.
- (b) In addition to the above review procedures, the following approval procedures and thresholds will apply to the Mandated Transactions:
- (i) Mandated Transactions relating to the provision or obtaining of property leases or sub-leases below or equal to the Property Leases Financial Limit (as defined below) each in value and Mandated Transactions not relating to the provision or obtaining of property leases or sub-leases below or equal to the Category 1 Financial Limit (as defined below) each in value, will be reviewed and approved by the Head of Finance and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the Mandated Transactions) from time to time for such purpose, and tabled for review by the Audit Committee on a half-yearly basis;
  - (ii) Mandated Transactions relating to the provision or obtaining of property leases or sub-leases above the Property Leases Financial Limit (as defined below), each in value and Mandated Transactions not relating to the provision or obtaining of property leases or sub-leases above the Category 1 Financial Limit (as defined below), each in value will be reviewed and approved by the Audit Committee;
  - (iii) Where the value of a Mandated Transaction not involving the provision or obtaining of property leases or sub-leases, when aggregated with previous Mandated Transactions of the same kind in any particular financial year, is equal to or exceeds the Category 2 Financial Limit (as defined below), such Mandated Transaction, and all future Mandated Transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee; and
  - (iv) The Head of Finance and a senior executive of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/she/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, which includes obtaining valuations from independent professional valuers.

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For the purposes of sub-paragraphs b(i) and b(ii) above, in relation to Mandated Transactions involving the provision or obtaining of property leases and sub-leases to or from Mandated Interested Persons, the financial limit for each Mandated Transaction shall be the amount equivalent to 5.0% of the Group's audited consolidated NTA for the time being ("**Property Leases Financial Limit**"), as determined with reference to the Group's latest announced audited consolidated financial statements ("**Latest NTA**"). For the purposes of sub-paragraphs b(i) and b(ii) above, the financial limit for each Mandated Transaction not relating to the provision or obtaining of property leases and sub-leases shall be S\$300,000 ("**Category 1 Financial Limit**"); and for the purpose of sub-paragraph b(iii) above, the financial limit for the aggregate value of the Mandated Transactions not relating to the provision or obtaining of property leases and sub-leases shall be the amount equivalent to 3.0% of the Group's Latest NTA ("**Category 2 Financial Limit**").

- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
- (i) if the Head of Finance has an interest in the Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by such other senior executive of the Company designated by the Audit Committee and the Chairman of the Audit Committee;
  - (ii) if the Head of Finance and the appointed senior executive have an interest in the Mandated Transaction(s) or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction(s)) designated by the Chairman of the Audit Committee from time to time for such purpose;
  - (iii) if a member of the Audit Committee has an interest in any Mandated Transaction or is a nominee for the time being of the Mandated Interested Person(s), he/she shall abstain from participating in the review and approval process of the Audit Committee in relation to that Mandated Transaction; and
  - (iv) if a member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he/she participates in the review and approval process of the Audit Committee in relation to a Mandated Transaction with that Mandated Interested Person, he/she will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such Mandated Transaction.



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- (d) The Company has also implemented the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):
- (i) The Company will maintain an updated list of Interested Persons and will disclose the list to relevant key personnel within the Group (including after each update to the list) to enable identification of Interested Persons. This master list of Interested Persons shall be reviewed on a half-yearly basis by the Audit Committee;
  - (ii) The Company will obtain signed letters of confirmation from key management personnel and Directors on an annual basis with respect to their interest in any transactions with the Group; and
  - (iii) The Company will maintain a register of Interested Person Transactions, including the Mandated Transactions (“**IPT Register**”) carried out with Mandated Interested Persons. The IPT Register shall include information pertinent to all the Mandated Transactions, such as, but not limited to, the list of Associates, the nature of the Mandated Transactions, the amount of the Mandated Transactions, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations to support such basis. For the avoidance of doubt, all Mandated Transactions including those below S\$100,000 shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by the Head of Finance, who shall not be interested in any of the Mandated Transactions and who is duly delegated to do so by the Audit Committee.

The master list of Interested Persons, the IPT Register and any accompanying report, such as the internal audit reports on Mandated Transactions will be reviewed by the internal auditors or the Audit Committee on a half-yearly basis to ascertain that the procedures established to monitor the Mandated Transactions have been complied with.

- (e) The Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

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