

CIRCULAR DATED 15 APRIL 2015

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

This Circular is issued by Fu Yu Corporation Limited (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular, Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



FU YU CORPORATION LIMITED

(Company Registration Number: 198004601C)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 April 2015 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	30 April 2015 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place)
Place of Extraordinary General Meeting	:	Bridge Rooms, Level 2, Raffles Marina 10 Tuas West Drive Singapore 638404

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DEFINITIONS

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

- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore
- “AGM”** : Annual general meeting of the Company
- “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 a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “CDP”** : The Central Depository (Pte) Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
- “Company”** : Fu Yu Corporation Limited
- “Controlling Shareholder”** : A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares in the Company (unless otherwise determined by the SGX-ST) or who in fact exercises control over the Company
- “Directors”** : The directors of the Company as at the date of this Circular
- “EGM”** : The extraordinary general meeting of the Company to be convened to seek Shareholders’ approval for the ordinary resolution, notice of which is set out in this Circular
- “Founding Executive Directors”** : Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai

DEFINITIONS

“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	6 April 2015, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Securities Account”	:	Securities account maintained by a Depositor with CDP
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	A general mandate to be given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the relevant provisions of the Companies Act and the Listing Manual
“Shareholders”	:	Persons who are registered as holders of the Shares in the Register of Members of the Company or where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has a direct or indirect interest of not less than 5% of the total issued voting shares of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“Treasury Shares”	:	Shares purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate and held by the Company in accordance with Section 76H of the Companies Act
“\$”, “S\$” and “cents”	:	Singapore dollar and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other gender. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof and used in this Circular shall have the meaning ascribed to it under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof, as the case may be.

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

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

LETTER TO SHAREHOLDERS

FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)

Directors

Dr John Chen Seow Phun (*Non-Executive Chairman and Independent Director*)
Ching Heng Yang (*Vice Chairman and Executive Director*)
Hew Lien Lee (*Acting Chief Executive Officer and Chief Operating Officer, Executive Director*)
Ho Nee Kit (*Executive Director*)
Tam Wai (*Executive Director*)
Tan Yew Beng (*Non-Executive Director and Independent Director*)
Foo Say Tun (*Non-Executive Director and Independent Director*)

Registered Office

8 Tuas Drive 1
Singapore 638675

15 April 2015

To: Shareholders of the Company

Dear Sir/Madam,

THE PROPOSED SHARE PURCHASE MANDATE

1. INTRODUCTION

1.1 EGM

The Directors are convening the EGM to be held on 30 April 2015 to seek the approval of Shareholders for the proposed adoption of the Share Purchase Mandate. The purpose of this Circular is to provide Shareholders with information relating to the proposed adoption of the Share Purchase Mandate to be tabled at the EGM, and to seek Shareholders' approval at the EGM for the same.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED SHARE PURCHASE MANDATE

2.1 Background

The Share Purchase Mandate is a general mandate to be given by Shareholders that allows the Company to purchase or acquire Shares at any time during the duration and on the terms of the Share Purchase Mandate.

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

It is a requirement under the Companies Act that before a company purchases or acquires its own shares, its Articles of Association must expressly permit the company to purchase or otherwise acquire the shares issued by it. Article 10(B) of the Articles of Association of

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the Company empowers the Company to purchase or otherwise acquire any of its issued Shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act.

It is a requirement that a company which wishes to purchase or acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the EGM for the proposed Share Purchase Mandate.

If approved by Shareholders at the EGM, the Share Purchase Mandate will take effect from the date of the EGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held (whichever is earlier), unless prior thereto, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in general meeting. The Share Purchase Mandate may be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale

The rationale for the Share Purchase Mandate is as follows:

- (a) the purchase or acquisition by the Company of the Shares is one of the ways in which the return on equity of the Company may be improved, thereby increasing Shareholders' value in the Company. The Share Purchase Mandate will enable the Company to have the flexibility to undertake purchases or acquisitions of Shares up to the prescribed limit of 10%, subject to market conditions, during the period when the Share Purchase Mandate is in force;
- (b) the Share Purchase Mandate will also facilitate the Company's return to Shareholders of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner;
- (c) the Directors believe that Share purchases or acquisitions by the Company may help to mitigate short-term market volatility in the Company's Share price, off-set the effects of short-term speculation and bolster the confidence of Shareholders and investors in the Company; and
- (d) the Share Purchase Mandate may be used to purchase or acquire existing Shares to satisfy options granted or awards given in relation to employee share schemes which may be implemented by the Company, and allow the management of the Company to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

If and when circumstances permit, the Directors will decide whether to effect purchases or acquisitions of Share via on-market purchases or off-market purchases on an equal access scheme, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases or acquisitions pursuant to the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group, the orderly trading of the Shares, and/or result in the Company being delisted from the SGX-ST.

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Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not necessarily be carried out to the full limit of 10% described in paragraph 2.3(a) below as authorised or at all during the period when the Share Purchase Mandate is in force.

2.3 Authority and Limits

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

(a) Maximum Limit

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 otherwise acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the EGM at which the adoption of the Share Purchase Mandate is approved ("**Maximum Limit**"). Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the Maximum Limit under the Share Purchase Mandate.

For illustrative purposes only, on the basis of 752,994,775 Shares in issue (excluding any Treasury Shares held by the Company) as at the Latest Practicable Date and assuming that no further Shares are issued or purchased by the Company on or prior to the EGM, not more than 75,299,477 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the adoption of the Share Purchase Mandate is approved, up to:

- (i) the conclusion of the next AGM of the Company to be held or the date by which such AGM is required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting; or
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

The Share Purchase Mandate may be renewed by the Shareholders at the next AGM or at any other general meeting of the Company.

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(c) Mode of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (i) on-market purchases, transacted by the Company through the trading system of the SGX-ST or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose (“**On-Market Purchases**”); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST), in accordance with an “equal access scheme” as defined in Section 76C of the Companies Act (“**Off-Market Purchases**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

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

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

Pursuant to Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase, it is required to issue an offer document to all Shareholders containing, *inter alia*, the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed purchase or acquisition of Shares;

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- (iv) the consequences, if any, of purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the purchase or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any purchase or acquisitions of Shares made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases or acquisitions; and
 - (vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as Treasury Shares.
- (d) Maximum Purchase Price

The purchase price (excluding ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) at which the Shares can be purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed the maximum price (“**Maximum Price**”) as set out below:

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined below),

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market price of the Shares over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

LETTER TO SHAREHOLDERS

2.4 Status of Purchased or Acquired Shares: Cancelled or Held in Treasury

Any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation), unless such Share is held by the Company as a Treasury Share.

(a) 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:

(i) *Maximum Holdings*

The aggregate number of Shares held by the Company as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares.

(ii) *Voting and Other Rights*

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the 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 distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding-up) may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(iii) *Disposal and Cancellation*

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

- (1) sell the Treasury Shares (or any of them) for cash;
- (2) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (3) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (4) cancel the Treasury Shares (or any of them); or
- (5) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

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Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares. Such announcement must include details such as:

- (aa) date of the sale, transfer, cancellation and/or use of such Treasury Shares;
- (bb) the purpose of such sale, transfer, cancellation and/or use of such Treasury Shares;
- (cc) the number of Treasury Shares which have been sold, transferred, cancelled and/or used;
- (dd) the number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (ee) the percentage of the number of Treasury Shares against the total number of Shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use; and
- (ff) the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

(b) Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

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

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Shares which are cancelled will be automatically delisted by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as Treasury Shares.

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2.5 Sources of Funds

In purchasing or acquiring its Shares, the Company may only apply funds for such purchase or acquisition as provided in its Articles of Association and in accordance with applicable laws in Singapore.

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the purchase or acquisition of its shares and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the purchase or acquisition; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will also consider the financial position of the Group, particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of the Shares in circumstances that they believe will not result in any material adverse effect on the financial position of the Group.

2.6 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The net tangible assets of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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The Directors do not propose to carry out purchases or acquisitions pursuant to the Share Purchase Mandate to such an extent that it would, or in circumstances that might, result in a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the earnings per Share and/or the net tangible assets value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial statements of the Group for FY2014, are based on the assumptions set out below:-

- (a) on the basis of 752,994,775 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are purchased or acquired by the Company, or held as Treasury Shares, on or prior to the EGM, not more than 75,299,477 Shares (representing 10% of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date) may be purchased by the Company pursuant to the Share Purchase Mandate;
- (b) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 75,299,477 Shares (representing 10% of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date) at the maximum price of S\$0.13482 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,299,477 Shares (excluding related expenses) is approximately S\$10,151,875; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 75,299,477 Shares at the maximum price of S\$0.15408 for one Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,299,477 Shares (excluding related expenses) is approximately S\$11,602,143.

For illustrative purposes only and based on the audited financial statements of the Company and the Group for FY2014, the assumptions set out in paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is funded solely from internal sources of funds, (ii) the Share Purchase Mandate had been effective on the Latest Practicable Date and (iii) the Company had purchased or acquired 75,299,477 Shares (representing 10% of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date) on the Latest Practicable Date, the financial effects of the purchase or acquisition of the 75,299,477 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and:-

(aa) held as treasury shares; and

(bb) cancelled,

LETTER TO SHAREHOLDERS

on the audited financial statements of the Group and the Company for FY2014 are set out below:-

On-Market Purchases

Scenario	A	B
Purchased out of	Capital	Capital
Type of Purchase	On-Market	On-Market
Held as Treasury Shares/Cancelled	Held as Treasury Shares	Cancelled
Maximum Price per Share (S\$)	0.13482	0.13482
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % of total issued Shares	10%	10%
Maximum funds required (S\$'000)	10,152	10,152

	Group			Company		
	Before Share Purchase	After Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase	After Share Purchase
	Scenario A	Scenario B	Scenario B	Scenario A	Scenario B	Scenario B
As at 31 December 2014	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit attributable to equity holders for the year	9,951	9,951	9,951	159	159	159
Share capital	121,176	121,176	111,024	121,176	121,176	111,024
Capital and other reserves	8,629	8,629	8,629	1,942	1,942	1,942
Retained profits/ (Accumulated losses)	51,627	51,627	51,627	(15,253)	(15,253)	(15,253)
Currency translation reserve	(6,516)	(6,516)	(6,516)	-	-	-
Treasury shares	-	(10,152)	-	-	(10,152)	-
Shareholders' funds	174,916	164,764	164,764	107,865	97,713	97,713
Net asset value ⁽¹⁾	174,916	164,764	164,764	107,865	97,713	97,713
Current assets	186,210	176,058	176,058	37,154	27,002	27,002
Current liabilities	65,746	65,746	65,746	10,506	10,506	10,506
Net current assets	120,464	110,312	110,312	26,648	16,496	16,496
Total borrowings	1,377	1,377	1,377	-	-	-
Cash and cash equivalents	83,329	73,177	73,177	18,051	7,899	7,899
Number of Shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	-	75,299	-	-	75,299	-
Financial Ratios						
Earnings per Share (cents)	1.35	1.51	1.51	0.02	0.02	0.02
Net asset value per Share (cents) ⁽²⁾	23.23	24.31	24.31	14.32	14.42	14.42
Gearing ratio (times) ⁽³⁾	0.01	0.01	0.01	-	-	-
Current ratio (times) ⁽⁴⁾	2.83	2.68	2.68	3.54	2.57	2.57

LETTER TO SHAREHOLDERS

Notes:

- (1) Net asset value equals to total assets less total liabilities and excludes non-controlling interests.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (3) Gearing ratio means total borrowings divided by shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

Off-Market Purchases

Scenario	A	B
Purchase out of	Capital	Capital
Type of Purchase	Off-Market	Off-Market
Held as Treasury Shares/Cancelled	Held as Treasury Shares	Cancelled
Maximum Price per Share (S\$)	0.15408	0.15408
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % of total issued Shares	10%	10%
Maximum funds required (S\$'000)	11,602	11,602

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Scenario A	Scenario B		Scenario A	Scenario B
As at 31 December 2014						
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit attributable to equity holders for the year	9,951	9,951	9,951	159	159	159
Share capital	121,176	121,176	109,574	121,176	121,176	109,574
Capital and other reserves	8,629	8,629	8,629	1,942	1,942	1,942
Retained profits/ (Accumulated losses)	51,627	51,627	51,627	(15,253)	(15,253)	(15,253)
Currency translation reserve	(6,516)	(6,516)	(6,516)	–	–	–
Treasury shares	–	(11,602)	–	–	(11,602)	–
Shareholders' funds	174,916	163,314	163,314	107,865	96,263	96,263
Net asset value ⁽¹⁾	174,916	163,314	163,314	107,865	96,263	96,263
Current assets	186,210	174,608	174,608	37,154	25,552	25,552
Current liabilities	65,746	65,746	65,746	10,506	10,506	10,506
Net current assets	120,464	108,862	108,862	26,648	15,046	15,046
Total borrowings	1,377	1,377	1,377	–	–	–
Cash and cash equivalents	83,329	71,727	71,727	18,051	6,449	6,449
Number of Shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	–	75,299	–	–	75,299	–
Financial Ratios						
Earnings per Share (cents)	1.35	1.51	1.51	0.02	0.02	0.02
Net asset value per Share (cents) ⁽²⁾	23.23	24.10	24.10	14.32	14.20	14.20
Gearing ratio (times) ⁽³⁾	0.01	0.01	0.01	–	–	–
Current ratio (times) ⁽⁴⁾	2.83	2.66	2.66	3.54	2.43	2.43

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Notes:

- (1) Net asset value equals to total assets less total liabilities and excludes non-controlling interests.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (3) Gearing ratio means total borrowings divided by shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and are purely for illustrative purposes only. The actual impact will depend on, *inter alia*, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits or capital of the Company and whether the Shares purchased or acquired are held as Treasury Shares or cancelled. In particular, it is important to note that the above analysis is based on historical audited FY2014 figures and is not necessarily representative of the future financial performance of the Company.

Although the adoption of the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding Treasury Shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding Treasury Shares), or purchase or acquire, or be able to purchase or acquire up to the maximum number of its issued Shares that it can hold as Treasury Shares as illustrated above. The Company may, subject to the requirements of the Companies Act, cancel all or part of the Shares purchased or acquired and/or hold all or part of the Shares purchased or acquired as Treasury Shares, at its discretion.

2.7 Tax Implications

Shareholders who are in doubt as to their respective tax positions or tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax whether in or outside of Singapore, should consult their own professional advisers.

2.8 Reporting Requirements

(a) Notification to ACRA

Within 30 days of the passing of a Shareholders' ordinary resolution to approve any purchase or acquisition of Shares, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify the ACRA within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the total number of Shares cancelled or held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed by the ACRA from time to time.

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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 the ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form.

(b) Notification to the SGX-ST

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases of its shares to the SGX-ST no later than 9.00 a.m.: (i) in the case of a On-Market Purchase, on the Market Day following the day of purchase of any of its shares; and (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer.

Such an announcement (which must be in the form prescribed in the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

2.9 No Purchases during Price Sensitive Developments

The Listing Manual does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time(s). However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual. In particular, in observing the best practices recommended in Rule 1207(19)(c) of the Listing Manual on securities dealings, the Company will not purchase any Shares through On-Market Purchases and/or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s full-year financial statements and the period of two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of the financial year, as the case may be, and ending on the date of announcement of the relevant financial statements.

2.10 Listing Status of the Company’s Securities

The Company will not effect a Share purchase or acquisition if immediately following any Share purchase or acquisition, the continuing shareholding spread requirements prescribed by the Listing Manual which are in force at the time of the intended Share purchase, cannot be maintained.

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Under Rule 723 of the Listing Manual, the Company is required to ensure that at least 10% of the equity securities (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The “public”, as defined in the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders, or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, approximately 350,529,625 Shares, representing 46.55% of the total number of issued Shares (excluding Treasury Shares), are in the hands of the public. Assuming that: (a) the Company purchases or acquires its Shares up to the maximum limit of 10% pursuant to the Share Purchase Mandate from the public; and (b) the number of Shares held by the Substantial Shareholders of the Company and the Directors remain unchanged, the number of Shares in the hands of the public (excluding Treasury Shares) would be reduced to 275,230,148 Shares, representing approximately 40.61% of the reduced issued share capital of the Company (excluding Treasury Shares). Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

In undertaking any purchases or acquisitions of Shares, the Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity, adversely affect the orderly trading of the Shares, or adversely affect the listing status of the Company on the SGX-ST.

2.11 Previous Share Purchases

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

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

(a) Obligation to Make a Take-over Offer

Under Appendix 2 of the Take-over Code, any increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him as a result of any purchases or acquisitions of Shares will be treated as a purchase or acquisition for the purposes of Rule 14 of the Take-over Code.

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

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Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could, in certain circumstances, obtain or consolidate effective control of the Company and become obligated to make a take-over offer for the Company under Rule 14 of the Take-over Code.

(b) Persons Acting In Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other under the Take-over Code:

- (i) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company;
- (ii) 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); and
- (iii) the following persons and entities:–
 - (1) an individual;
 - (2) the close relatives of (1);
 - (3) the related trusts of (1);
 - (4) any person who is accustomed to act in accordance with the instructions of (1);
 - (5) any companies controlled by any of (1), (2), (3) or (4); and
 - (6) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

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(c) 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 for the Company under Rule 14 (“**Take-over Obligation**”) if, as a result of the Company purchasing or acquiring Shares:

- (i) the voting rights held by such Directors and their concert parties would increase to 30% or more; or
- (ii) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company’s voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

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, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

(d) Exemption under Appendix 2 of the Take-over Code for the Founding Executive Directors and parties acting in concert with them

- (i) As at the Latest Practicable Date, the three Founding Executive Directors, being Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai, hold in aggregate 282,680,175 Shares representing 37.54% of the issued and paid-up share capital of the Company, and together with the concert parties of the Founding Executive Directors, who comprise Madam Hew Wei Shan (Mr Tam Wai’s spouse) who holds 300,000 Shares representing 0.04% of the issued and paid-up share capital of the Company, the Founding Executive Directors and their concert parties (“**Relevant Group**”) hold in aggregate 282,980,175 Shares representing 37.58% of the issued and paid-up share capital of the Company.
- (ii) Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date and on the assumption that:
 - (aa) no further Shares are issued on or prior to the date of the EGM;
 - (bb) the Company purchases or acquires the maximum amount of 10% of its total number of issued Shares, comprising 75,299,477 Shares; and
 - (cc) there is no change in the number of Shares held by each member of the Relevant Group,

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The shareholdings of each member of the Relevant Group before and after such purchase or acquisition of Shares by the Company will be as follows:

Names of the members of the Relevant Group	As at the Latest Practicable Date			
	Before Share Purchase		After Share Purchase	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Ching Heng Yang	88,965,475	11.81	88,965,475	13.13
Ho Nee Kit	96,999,225	12.88	96,999,225	14.31
Tam Wai	96,715,475	12.84	96,715,475	14.27
Hew Wei Shan	300,000	0.04	300,000	0.04
<i>Total:</i>	<i>282,980,175</i>	<i>37.58</i>	<i>282,980,175</i>	<i>41.76</i>

Notes:

- (1) Based on the total number of issued Shares of 752,994,775 as at the Latest Practicable Date.
- (2) Based on the total number of issued Shares as at the Latest Practicable Date, assuming the Company purchases the maximum of 75,299,477 Shares under the Share Purchase Mandate.

As shown in the table above, the aggregate interest of the members of the Relevant Group which are between 30% and 50% of the Company's voting rights as at the Latest Practicable Date would be increased by more than 1% within a period of 6 months as a result of the purchase or acquisition of Shares undertaken by the Company pursuant to the Share Purchase Mandate, and the aggregate shareholdings of the Relevant Group would be increased from 37.58% to 41.76%. Thus, under the Take-over Code, each of the members of the Relevant Group will become obliged under the Takeover Code to make an offer under Rule 14 of the Take-over Code, unless exempted under Section 3(a) of Appendix 2 of the Take-over Code.

- (iii) Pursuant to Appendix 2 of the Take-over Code, members from the Relevant Group will be exempted from the requirement to make a general offer for the Company pursuant to Rule 14 of the Take-over Code in the event that the Relevant Group increases by more than 1% in any six-month period as a result of the Company purchasing or acquiring its Shares pursuant to the Share Purchase Mandate, subject to the following conditions:
- (aa) the circular to Shareholders on the resolution to authorise the Share Purchase Mandate contains advice to the effect that by voting for the Share Purchase Mandate, shareholders are waiving their rights to a general offer at the required price from members of the Relevant Group who, as a result of the Company buying back its shares, would increase their voting rights by more than 1% in any six-month period; the names of members of the Relevant Group and their voting rights at the time of the resolution and after the proposed share buyback to be disclosed in the same circular;
- (bb) the resolution to authorise the Share Purchase Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Purchase Mandate;

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- (cc) members of the Relevant Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Purchase Mandate;
- (dd) within 7 days after the passing of the resolution to authorise the Share Purchase Mandate, each member of the Relevant Group to submit to the SIC a duly signed form as prescribed by the SIC;
- (ee) members of the Relevant Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of:
 - (1) the date on which the authority of the Share Purchase Mandate expires; and
 - (2) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares,

as the case may be, if such acquisitions, taken together with those purchased by the Company under the Share Purchase Mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding six months.

If the Company has ceased to buy back its Shares and the increase in the aggregate voting rights held by members of the Relevant Group as a result of a purchase of Shares is less than 1%, members of the Relevant Group may acquire further voting rights in the Company. However, any increase in their percentage voting rights in the Company as a result of the Company purchasing or acquiring its Shares under the Share Purchase Mandate will be taken into account together with any voting rights acquired by members of the Relevant Group (by whatever means) in determining whether members of the Relevant Group have increased their aggregate voting rights in the Company by more than 1% in any six-month period.

It should be noted that approving the Share Purchase Mandate will constitute a waiver by the Shareholders in respect of their rights to a general offer by the Founding Executive Directors and their concert parties, at the required price, if a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate results in an increase in their voting rights by more than 1% in any six-month period.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer for the Company under the Take-over Code as a result of any purchases or acquisition of Shares by the Company should consult their professional advisers and/or the SIC at the earliest opportunity.

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(e) Submission of Form 2 to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 of the Take-over Code) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to condition set out at paragraph 2.12(d)(iii)(dd) above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the Share Purchase Mandate. As at the Latest Practicable Date, each member of the Relevant Group has informed the Company that he/she will be submitting Form 2 to the SIC within seven days after the passing of the resolution approving the Share Purchase Mandate.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders are as follows:

Name of Director	Direct interest		Deemed interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dr John Chen Seow Phun	1,000,000	0.13	–	–
Ching Heng Yang	88,965,475	11.81	–	–
Hew Lien Lee	8,100,000	1.08	–	–
Ho Nee Kit	96,999,225	12.88	–	–
Tam Wai	96,715,475	12.84	300,000 ⁽²⁾	0.04
Tan Yew Beng	2,562,500	0.34	–	–
Foo Say Tun	–	–	–	–
Substantial Shareholders (other than Directors)				
Ng Hock Ching	829,000	0.11	106,993,475 ⁽³⁾	14.21

Notes:

- (1) Based on 752,994,775 issued Shares as at the Latest Practicable Date.
- (2) Mr Tam Wai is deemed to be interested in the 300,000 Shares held in the name of his spouse.
- (3) Mr Ng Hock Ching is deemed to be interested in the 106,993,475 Shares held in the name of (a) Citibank Nominees Singapore Pte Ltd: 24,036,000; (b) DBS Nominees Pte Ltd: 28,958,000; and (c) Philip Securities Pte Ltd: 53,979,475.

4. DIRECTORS' RECOMMENDATION

Save for the Founding Executive Directors, who are required to abstain from recommending Shareholders to vote in favour of the proposed Share Purchase Mandate (in compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code and as reflected in the condition set out in paragraph 2.12(d)(iii)(cc) above), the Directors are of the opinion that the adoption of the Share Purchase Mandate is in the best interests of the Company. Accordingly, save for Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed adoption of the Share Purchase Mandate as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

5. ABSTENTION FROM VOTING

The Founding Executive Directors have informed the Company that save for Madam Hew Wei Shan, there are no other parties acting in concert (as defined under the Takeover Code) with them for the purpose of the Ordinary Resolution relating to the proposed adoption of the Share Purchase Mandate.

In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code (as reflected in the condition set out in paragraph 2.12(d)(iii)(cc) above), the Founding Executive Directors will abstain, and will procure that their concert parties (being members of the Relevant Group) shall abstain from voting, whether by representative or proxy, on the Ordinary Resolution relating to the proposed adoption of the Share Purchase Mandate. In addition, the Founding Executive Directors will not accept, and will procure that members of the Relevant Group do not accept, nominations as proxy or otherwise vote at the EGM in respect of the Ordinary Resolution relation to the Share Purchase Mandate, unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish for their votes to be cast for the Ordinary Resolution relating to the proposed adoption of the Share Purchase Mandate.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 26 to 28 of this Circular, will be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 30 April 2015 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution in relation to the proposed adoption of the Share Purchase Mandate as set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not less than 48 hours before the time fixed for the EGM.

The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the time appointed for the EGM.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for FY2014; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
FU YU CORPORATION LIMITED

Dr John Chen Seow Phun
Non-Executive Chairman, Independent Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404, on 30 April 2015 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modification, the following resolution:

ORDINARY RESOLUTION:

PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”), the exercise by the directors of the Company (“**Directors**”) of all the powers of the Company:

(a) to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) an on-market purchase (“**On-Market Purchase**”) transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
- (ii) an off-market purchase (“**Off-Market Purchase**”) effected in accordance with an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all applicable laws and regulations (collectively, the “**Share Purchase Mandate**”); and

(b) to deal with the Shares purchased or acquired by the Company under the Share Purchase Mandate in accordance with the Articles of Association of the Company, whether to (i) deem such Shares as cancelled upon purchase or acquisition; (ii) hold such Shares as Treasury Shares; and/or (iii) otherwise deal with such Shares in the manner provided and to the fullest extent permitted under the Companies Act,

be and is hereby authorised and approved generally and unconditionally;

(2) unless varied or revoked by an ordinary resolution of Shareholders of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the date on which purchases of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
 - (c) the date on which the authority conferred by the Share Purchase Mandate, if renewed, is revoked or varied by the Company in general meeting;
- (3) in this Resolution:
- “Maximum Limit”** means 10% of the issued Shares (excluding Treasury Shares) as at the date of the passing of this Resolution;
- “Maximum Price”** in relation to a Share to be purchased or acquired, means an amount (excluding ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:
- (a) in the case of an On-Market Purchase, 105% of the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the date of the On-Market Purchase by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and
 - (b) in the case of an Off-Market Purchase, 120% of the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the day on which the Company makes an announcement of its intention to make an offer for the purchase or acquisition 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; and
- “Market Day”** means a day on which the SGX-ST is open for trading in securities; and
- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Dr John Chen Seow Phun
Chairman and Independent Director

15 April 2015

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead.
- (2) The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not less than 48 hours before the time appointed for holding the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)

(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF monies to buy ordinary shares in the capital of the Company, this Circular to Shareholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____ (Name) NRIC/Passport No. _____

of _____ (Address)

being *a member/members of the Company, hereby appoint: *Mr/Mrs/Ms:

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing *him/her/them, the Chairman of the EGM as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf on a poll at the EGM, to be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 30 April 2015 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place), and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the *proxy/proxies will vote or abstain as *he/they may think fit, as *he/they will on any other matter arising at the EGM).

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For**	Against**	Number of Votes For***	Number of Votes Against***
(1)	To approve the adoption of the Share Purchase Mandate	Not Applicable	Not Applicable		

Notes:

* Please delete accordingly.

** Please indicate your vote "For" or "Against" with an "X" within the box provided.

*** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015.

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

- (a) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (b) A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (c) Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (d) Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.
- (e) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not less than 48 hours before the time appointed for holding the EGM.
- (f) The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (g) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his names in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a prox(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the Meeting dated 15 April 2015.