

Letter dated 7 April 2022

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

This Letter is circulated to the shareholders of Penguin International Limited (the “**Company**”), together with the Company’s Notice of Annual General Meeting for the financial year ended 31 December 2021 (the “**Annual Report 2021**”). Its purpose is to provide shareholders with the relevant information relating to the below mentioned proposals. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser immediately.

Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and / or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

Shareholders should refer to the document entitled “Instructions to Shareholders for 2022 AGM” circulated to Shareholders together with the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.

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 Letter.



PENGUIN INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.197600165Z)

LETTER TO SHAREHOLDERS

in relation to

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

IMPORTANT DATES AND TIMES

Last date and time for submission of questions	:	15 April 2022 at 5.00 p.m.
Last date and time for lodgement of Proxy Form	:	25 April 2022 at 10.30 a.m.
Date and time of Annual General Meeting	:	28 April 2022 at 10.30 a.m.
Place of Annual General Meeting	:	The Annual General Meeting will be held by way of electronic means. Please refer to the Notice of Annual General Meeting for details.

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DEFINITIONS

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

“ACRA”	The Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	Companies Act 1967 of Singapore as amended, supplemented or modified from time to time
“AGM”	The annual general meeting of the Company
“Associate”	<p>(a) in relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none">(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; <p>(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</p>
“Associated Company”	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“Board”	The board of Directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“Company”	Penguin International Limited
“Constitution”	The constitution of the Company as amended, supplemented or modified from time to time
“Controlling Shareholder”	<p>A person who:</p> <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the voting shares of a company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of a company); or

(b) in fact exercises control over a company

“Directors”	The directors of the Company as at the date of this Letter, and from time to time, as the case may be
“Executive Director”	A director of the Company and/or its Subsidiary, as the case may be, who performs an executive function and is otherwise, an employee of the Company
“FY”	The twelve (12) months ended or ending 31 December of the relevant year
“FY2021”	The twelve (12) months ended 31 December 2021
“Group”	Collectively, the Company and its Subsidiaries
“Latest Practicable Date”	31 March 2022, being the latest practicable date prior to the printing of this Letter for ascertaining information included herein
“Listing Manual”	The Listing Manual of the SGX-ST as amended, supplemented or modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“NTA”	Net Tangible Assets
“Relevant Period”	The period commencing from the date on which the last AGM was held and expiring on the earlier of the date the next AGM is held or is required by law to be held, after the date the resolution relating to the Share Buy-back Mandate is passed
“Securities Account”	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act”	The Securities and Futures Act (Chapter 289) of Singapore as amended, supplemented or modified from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Buy-back”	Purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate
“Share Buy-back Mandate”	The general mandate from Shareholders to authorise the Directors to make Share Buy-backs within the Relevant Period, in accordance with the terms set out in the Resolution authorising the same and subject to compliance with the Companies Act and the rules and regulations of the SGX-ST

“Shareholders”	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors in whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Shares”	Ordinary shares in the capital of the Company
“Subsidiary”	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“Substantial Shareholder”	A person who has an interest in one or more voting shares in the Company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the Company
“\$” or “S\$” and “cents”	Singapore dollars and cents respectively, unless otherwise stated
“%”	Percentage or per centum

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures 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 Letter to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Letter shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Letter shall be a reference to Singapore time unless otherwise stated.

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

Where any word or expression is defined in this Letter, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof are due to rounding.

PENGUIN INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.197600165Z)

Directors:

Jeffrey Hing Yih Peir	Executive Chairman
James Tham Tuck Choong	Managing Director
Tung May Fong	Executive Director
Winston Kwek Choon Lin	Lead Independent Director
Henry Tan Song Kok	Independent Director
Leow Ban Tat	Independent Director
Keith Tan Keng Soon	Non-Independent Non-Executive Director

Registered Office:

21 Tuas Road
Singapore 638489

7 April 2022

To: The Shareholders of **PENGUIN INTERNATIONAL LIMITED**

Dear Sir/Madam

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

- 1.1 The Directors are convening the AGM by electronic means on 28 April 2022 at 10.30 a.m., to seek Shareholders' approval for the proposed renewal of the Share Buy-back Mandate.
- 1.2 The purpose of this Letter is to provide Shareholders with information relating to and explaining the rationale for the proposed renewal of the Share Buy-back Mandate.

2. PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

2.1 Introduction

- 2.1.1 The Directors are seeking Shareholders' approval for the proposed renewal of the Share Buy-back Mandate (which will expire on the date of the forthcoming AGM) without any changes, at the forthcoming AGM to take effect until the next AGM of the Company.
- 2.1.2 The Share Buy-back Mandate was first approved by Shareholders on 28 April 2008 at an extraordinary general meeting and renewed at each subsequent AGM including the last preceding AGM held on 29 April 2021. Accordingly, the Company will be seeking the approval of Shareholders for a renewal of the Share Buy-back Mandate, without any changes, at the forthcoming AGM. The Share Buy-back Mandate, if renewed, will (unless varied or revoked by Shareholders in a general meeting) continue in force until the next AGM is held or is required by law to be held, or when Share Buy-backs pursuant to a Share Buy-back Mandate are carried out to the full extent mandated, whichever is earlier. If not renewed at the forthcoming AGM, the existing Share Buy-back Mandate will expire.

2.1.3 It should be noted that any purchase or acquisition by the Company of its issued Shares has to be made in accordance with the Companies Act, the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

2.1.4 The authority and limits placed on the Share Buy-back Mandate, if renewed at the AGM, are the same as that previously approved by Shareholders on 29 April 2021.

2.2 Authority and Limits on the Share Buy-back Mandate

2.2.1 Maximum number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the forthcoming AGM at which approval for the renewal of the Share Buyback Mandate is being sought, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. For the purposes of calculating the total number of the issued Shares of the Company and for computing the 10% limit, any of the Shares held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date comprising 220,169,774 Shares, assuming no further Shares are issued and no Shares are held by the Company as treasury shares or subsidiary holdings, on or prior to the AGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 22,016,977 Shares.

2.2.2 Duration of authority

Purchases or acquisitions of ordinary Shares may be made, at any time and from time to time, on and from the date of the AGM at which the Share Buy-back Mandate is approved up to:

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

whichever is the earlier.

2.2.3 Manner of purchase

A Share Buy-back may be made by way of:

- (a) an on-market Share Buy-back (“**On-Market Share Buy-back**”), transacted on the SGX-ST through the ready market or the special trading counter on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

- (b) an off-market Share Buy-back (“**Off-Market Equal Access Share Buy-back**”) effected pursuant to an equal access scheme as defined in section 76C of the Act.

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

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

2.2.4 Purchase Price

The purchase price (excluding brokerage, commission, applicable taxes and other related expenses) to be paid for a Share will be determined by the committee constituted for the purposes of effecting Share Buy-backs. The purchase price to be paid for Shares pursuant to Share Buy-backs for On-Market Share Buy-backs and Off-Market Equal Access Share Buy-backs must not exceed 105% and 110%, respectively, of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) (“**Maximum Price**”).

For the above purpose:

“**Average Closing Price**” means the average of the last dealt prices of an ordinary Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy-back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy-back, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five (5)-day period and the day on which the On-Market Share Buy-back is made; and

“**Date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy-back, stating the purchase price which shall not be more than 110% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy-back.

2.3 Status of Purchased Shares

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

2.4 Treasury Shares

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 of the Company.

(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 dividends may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of 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.

2.5 Disposal and Cancellation

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

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (c) 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;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such

announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares of the usage against the total number of Shares outstanding in a class that is listed on the SGX-ST before and after the usage.

2.6 Funding of Share Buy-backs

The Company may use internal sources of funds, or a combination of internal resources, i.e., out of distributable profits or out of capital, and external borrowings, to finance the Share Buy-backs. The Directors do not propose to exercise the Share Buy-back Mandate to such an extent that it would materially affect the working capital requirements or investment ability of the Group.

2.7 Solvency Test

Under Section 76F of the Companies Act, the Company may not enter into any Share Buy-back transaction unless it is solvent. For the purpose of the definition of “solvent”, a company is solvent if:-

- (a) there is no ground on which the company could be found unable to pay its debts at the time of the payment referred to in subsection (1) of Section 76F of the Companies Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; 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, acquisition, variation or release, become less than the value of its liabilities (including contingent liabilities).

2.8 Financial Effects of the Share Buy-backs

2.8.1 If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company; if on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there will be no change in the Company’s issued share capital. Where the consideration paid by the Company for the Share Buy-back is out of the profits of the Company, such consideration (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the Share Buy-backs is out of the capital reserves of the Company, the amount available for the distribution of cash dividends will not be reduced. However, there will be financial effects, as illustrated at paragraph 2.8.5.

2.8.2 The financial effects on the Company and on the Group arising from Share Buy-backs will depend, inter alia, on the number of Shares purchased or acquired, the price paid for such Shares, the manner in which the purchase or acquisition is funded and whether the Shares are cancelled or held in treasury. It is, therefore, 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 NTA and earnings per Share.

- 2.8.3 Based on 220,169,774 Shares in issue as at the Latest Practicable Date, the exercise in full of the Share Buy-back Mandate on the Latest Practicable Date would result in the purchase or acquisition of 22,016,977 Shares, representing 10% of the total number of issued Shares.
- 2.8.4 In the case of an On-Market Share Buy-back, and assuming that the Company purchased or acquired, on the Latest Practicable Date, the 22,016,977 Shares at the Maximum Price of S\$0.7245 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be S\$15,951,300. In the case of an Off-Market Equal Access Share Buy-back, and assuming that the Company purchased or acquired, on the Latest Practicable Date, the 22,016,977 Shares at the Maximum Price of S\$0.7590 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be S\$16,710,886.
- 2.8.5 For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statement of the Group and the Company for FY2021, and assuming that: (i) purchases of Shares are made to the extent as aforesaid; and (ii) such purchases of Shares are funded wholly by internal resources, the financial effects on the audited financial statements of the Company and the Group for FY2021 would have been as follows:

ON-MARKET AND OFF-MARKET PURCHASE

	<u>Group</u>			<u>Company</u>		
	Before Share Purchase S\$'000	After On-Market Purchase ⁽¹⁾ S\$'000	After Off-market Purchase ⁽¹⁾ S\$'000	Before Share Purchase S\$'000	After On-Market Purchase ⁽¹⁾ S\$'000	After Off-market Purchase ⁽¹⁾ S\$'000
As at 31 December 2021						
Shareholders' funds	191,884	175,933	175,173	134,370	118,419	117,659
Net assets ⁽²⁾	191,844	175,933	175,173	134,370	118,419	117,659
Current assets	113,601	97,650	96,890	66,167	50,216	49,456
Current liabilities	46,040	46,040	46,040	20,791	20,791	20,791
Total borrowings ⁽³⁾	23,427	23,427	23,427	15,384	15,384	15,384
Cash and cash equivalents	21,041	5,090	4,330	4,674	(11,277)	(12,037)
Profit attributable to shareholders	12,669	12,669	12,669	10,024	10,024	10,024

	<u>Group</u>			<u>Company</u>		
	Before Share Purchase S\$'000	After On-Market Purchase ⁽¹⁾ S\$'000	After Off-market Purchase ⁽¹⁾ S\$'000	Before Share Purchase S\$'000	After On-Market Purchase ⁽¹⁾ S\$'000	After Off-market Purchase ⁽¹⁾ S\$'000
Number of Shares						
Issued and paid-up share capital (in '000)	220,170	198,153	198,153	220,170	198,153	198,153
Financial ratios						
NAV per Share (cents) ⁽⁴⁾	87.15	88.79	88.40	61.03	59.76	59.38
Gearing ratio (times) ⁽⁵⁾	0.12	0.13	0.13	0.11	0.13	0.13
Current ratio (times) ⁽⁶⁾	2.47	2.12	2.10	3.18	2.42	2.38
Profit per Share (cents)	5.75 ⁽⁷⁾	6.39 ⁽⁸⁾	6.39 ⁽⁸⁾	4.55 ⁽⁷⁾	5.06 ⁽⁸⁾	5.06 ⁽⁸⁾

Notes:

- (1) The disclosed financial effects remain the same irrespective of whether (i) the purchase of Shares is affected out of capital or profits, or (ii) the purchased Shares are held in treasury or cancelled.
- (2) Net assets as disclosed above exclude minority interests.
- (3) Total borrowings include Lease liabilities arising from the adoption of SFRS(I) 16 Leases.
- (4) NAV per share is computed based on the number of shares issued.
- (5) Gearing ratio equals to total borrowings divided by shareholders' funds.
- (6) Current ratio equals to current assets divided by current liabilities.
- (7) The profit per Share was calculated based on the number of Shares in issue of 220,169,774 at the end of FY2021 before adjusting for the share price.
- (8) The profit per Share was calculated based on the number of Shares in issue of 198,152,797 at the end of FY2021 before adjusting for the share price.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purpose only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy-back Mandate on the net asset value per Share and earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount borrowed by the Company to fund the purchases or acquisitions, if any. The above analysis is based on the audited accounts of the Company and the Group as at FY2021, and is not necessarily representative of the Company's and/or the Group's financial performance in the future.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Buy-backs to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.9 Requirements in the Listing Manual

- 2.9.1 Under Rule 884 of the Listing Manual, a listed company may purchase shares by way of an On-Market Share Buy-back at a price per share which is not more than 5% above the average closing market price, being 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, before the day on which the purchases were made. The Maximum Price for a Share in relation to an On-Market Share Buy-back by the Company, referred to at paragraph 2.2.4 above, conforms to this restriction.
- 2.9.2 Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.: (i) in the case of an On-Market Share Buy-back, on the Market Day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Equal Access Share Buy-back, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.
- 2.9.3 The Listing Manual does not expressly prohibit any purchase of 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 Buy-back Mandate in the following circumstances: (i) 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 Board until the price sensitive information has been publicly announced; and (ii) during the one (1) month preceding, and up to the time of announcement of, the Company's results for the half and full financial year.

2.10 Take-over implications arising from the Share Buy-back

2.10.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by a company of shares, a shareholder's proportionate interest in the voting capital of the company increases, such increase will be treated as an acquisition for the purposes of The Singapore Code on Take-overs and Mergers ("**Take-over Code**"). If such increase results in a change of control, or, as a result of such increase, a shareholder or a group of shareholders acting in concert obtains or consolidates control of the company, such shareholder or group of shareholders acting in concert could become obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code.

2.10.2 Persons Acting in Concert

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

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 ordinary shares by the company are set out in the Share Buy-back Guidance Note in Appendix 2 (the "**Guidance Note**") of the Take-over Code.

2.10.3 Effect of Rule 14 and Share Buy-back Guidance Note

The effect of the Guidance Note 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 its ordinary shares, the voting rights of such directors and their concert parties would increase to 30% or more, or if such directors and their concert parties together hold between 30% and 50% of the company's voting rights, the voting rights of such directors and their concert parties would increase by 1% in any period of six (6) months.

Under the Guidance Note, a director and persons acting in concert with him will incur an obligation to make a takeover offer after a share buy-back if, *inter alia*, he and persons acting in concert with him who would increase their voting rights to 30% or more as a result of a purchase or acquisition of ordinary shares by the company, has or have acquired any ordinary shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of the date on which the authority of the share buy-back expires and the date on which the company announces it has bought back such number of shares authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be, or, if they together hold between 30% and 50% of the company's voting rights (and would increase their voting rights by more than 1% as a result of the purchase or acquisition of ordinary shares by the company) has or have acquired any ordinary shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of the date on which the authority of the share

buy-back expires and the date on which the company announces it has bought back such number of shares authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be, if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

Under the Guidance Note, a shareholder not acting in concert with 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 ordinary 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 buy-back mandate.

2.11 Listing Status of the Ordinary Shares

2.11.1 The Listing Manual requires a listed company to ensure that at least 10% of its total number of issued shares excluding treasury shares and subsidiary holdings (excluding preference shares and convertible equity securities) in a class that is listed is to be held at all times by the public. As at the Latest Practicable Date, there were approximately 43,929,235 Shares in the hands of the public representing approximately 19.95% of the total number of Shares issued by the Company.

2.11.2 The Company is of the view that there is a sufficient number of Shares in issue held by the public which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Proposed Share Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

2.12 Reporting Requirements

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of an On-Market Share Buy-back, 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 Equal Access Share Buy-back, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to 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 and the percentage of company's issued shares excluding treasury shares and subsidiary holdings as at the date of the share buy-back resolution (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after purchase and the number of treasury shares held after purchase and the number of subsidiary holdings after purchase.

2.13 Details of Share Buy-backs in the last twelve (12) months

The Company had not made any Share Buy-back transactions in the twelve (12) months immediately preceding the Latest Practicable Date.

2.14 Directors' and Substantial Shareholders' Interests

2.14.1 As at the Latest Practicable Date, the interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings were as follows:

Director	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Share Options
	No. of Shares	%	No. of Shares	%	
Jeffrey Hing Yih Pier ¹	-	-	176,240,539	80.05	-

Note:

(1) By virtue of Jeffrey Hing Yih Peir holding 55% of the issued and paid-up share capital of Emet Grace Ltd, Jeffrey Hing Yih Peir is deemed to be interested in the shares owned by Emet Grace Ltd.

2.14.2 Substantial Shareholders' Interests

Based on the register maintained by the Company, the Substantial Shareholders' interests in the Shares as at the Latest Practicable Date, were as follows:

Substantial Shareholder	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Share Options
	No. of Shares	%	No. of Shares	%	
Emet Grace Ltd	176,240,539	80.05	-	-	-
Jeffrey Hing Yih Pier ¹	-	-	176,240,539	80.05	-
Fairy L.P. (acting by its general partner Fairy Ltd) ²	-	-	176,240,539	80.05	-
Fairy Ltd ³	-	-	176,240,539	80.05	-
Diamond GP Holdings II Ltd ⁴	-	-	176,240,539	80.05	-
Dymon Asia Private Equity (S.E. Asia) II Ltd ⁵	-	-	176,240,539	80.05	-
DAPE Ltd ⁶	-	-	176,240,539	80.05	-

Note:

- (1) By virtue of Jeffrey Hing Yih Peir holding 55% of the issued and paid-up share capital of Emet Grace Ltd, Jeffrey Hing Yih Peir is deemed to be interested in the shares owned by Emet Grace Ltd.
- (2) By virtue of Fairy L.P. (acting by its general partner, Fairy Ltd) holding 40% of the issued and paid-up share capital of Emet Grace Ltd, Fairy L.P. (acting by its general partner, Fairy Ltd.) is deemed to be interested in the shares owned by Emet Grace Ltd.

- (3) By virtue of Fairy Ltd. being the general partner of Fairly L.P. and being responsible for managing controlling, operating and making investment decisions on behalf of Fairy L.P, Fairy Ltd. is deemed to be interested in the shares owned by Emet Grace Ltd.
- (4) By virtue of Diamond GP Holdings II Ltd being the sole shareholder of Fairy Ltd, Diamond GP Holdings II Ltd is deemed to be interested in the shares owned by Emet Grace Ltd.
- (5) By virtue of Dymon Asia Private Equity (S.E. Asia) II Ltd being the sole shareholder of Diamond GP Holdings II Ltd, Dymon Asia Private Equity (S.E. Asia) II Ltd is deemed to be interested in the shares owned by Emet Grace Ltd. By virtue of DAPE Ltd being the sole shareholder of Dymon Asia Private Equity (S.E. Asia) II Ltd, DAPE Ltd is deemed to be interested in the shares owned by Emet Grace Ltd.

In the event the Company undertakes the Share Buy-backs of up to 10% of the total number of issued Shares of the Company as at the date of the AGM as permitted by the Share Buy-back Mandate, none of the Directors and Substantial Shareholders would be required to make a mandatory take-over offer under the Take-over Code.

2.15 Obligation to make a Take-over Offer

The interests of the respective Substantial Shareholders of the Company are set out at paragraph 2.14 above.

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 whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buy-back Mandate is in force.

2.16 Rationale

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) The Directors are of the view that the Company should constantly strive to increase Shareholders' value and to improve, *inter alia*, the return on equity ("**ROE**") of the Group. Share Buy-backs at the appropriate price level are one of the ways through which the ROE of the Group may be enhanced;
- (b) The Share Buy-back Mandate will enable the Directors to return part of the Group's surplus funds, in excess of the financial and possible investments needs of the Group, to the Shareholders. It is an expedient and cost-efficient way of returning surplus cash to the Shareholders;
- (c) Pursuant to the terms of the Company's existing share performance plan, the Company may purchase or acquire Shares from the market for the purpose of an award of Shares granted under the terms and conditions of the share performance plan; and
- (d) Repurchased Shares which are held in treasury may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share incentive

schemes implemented by the Company from time to time, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilutive impact on existing Shareholders.

3. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

Shareholders should refer to the document entitled “Instructions to Shareholders for 2022 AGM” circulated to Shareholders together with the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.

4. ANNUAL GENERAL MEETING

The AGM will be held by way of electronic means on 28 April 2022 at 10.30 a.m. for the purposes of considering and, if thought fit, passing with or without any modification, the resolutions set out in the Notice of AGM. A Depositor shall not be regarded as a Shareholder unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 72 hours before the AGM.

5. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about 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 Letter misleading. Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Letter in its proper form and context.

6. DOCUMENTS FOR INSPECTION

The Annual Report 2021 and this Letter may be accessed on the Company’s website at <http://www.penguin.com.sg/about-us/investor-relations/>.

Yours faithfully,
For and on behalf of the Board of
PENGUIN INTERNATIONAL LIMITED

James Tham Tuck Choong
Managing Director