

APPENDIX DATED 15 OCTOBER 2018

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

IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix is circulated to shareholders of Capital World Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2018. Its purpose is to provide shareholders with the relevant information relating to, and to seek shareholders’ approval for the proposed renewal of share buy-back mandate and the proposed renewal of interested person transactions mandate, at the annual general meeting of the Company to be held at 390 Havelock Road, #04-06, King’s Centre, Singapore 169662, on Wednesday, 31 October 2018 at 10.00 a.m.

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

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Sponsor has not verified the contents of this Appendix.

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

The contact person for the Sponsor is Ms. Tan Pei Woon, Senior Manager, Continuing Sponsorship, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-Mail: sponsorship@ppcf.com.sg).



CAPITAL WORLD LIMITED

(Incorporated in the Cayman Islands on 15 March 2013)
(Company Registration No.: CT-276295)

APPENDIX TO SHAREHOLDERS

in relation to the

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

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DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

- “AGM 2018”** : Annual general meeting of the Company to be held on Wednesday, 31 October 2019 at 10.00 a.m.
- “AGM”** : Annual general meeting of the Company
- “Appendix”** : This appendix to Shareholders dated 15 October 2018
- “Articles of Association”** : The articles of association of the Company, as may be amended or modified from time to time
- “Associate(s)”** : (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, acting in their capacity as such 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; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the total votes attached to all the voting shares;
- (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 any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more of the total votes attached to all the voting shares
- “Audit Committee”** : The audit committee of the Company for the time being. As at the date of this Appendix, the Audit Committee comprises Mr. Aw Eng Hai, Mr. Tan Eng Kiat, Dominic and Mr. Lye Thiam Fatt Joseph Victor
- “Board”** : The board of Directors of the Company as at the date of this Appendix
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST

“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time
“Cayman Companies Law”	:	The Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CDP” or “Depository”	:	The Central Depository (Pte) Limited
“CFO”	:	Chief Financial Officer of the Company, as appointed from time to time
“Company”	:	Capital World Limited
“Controlling Shareholder”	:	As defined in the Catalist Rules a person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting share in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company.
“Depositor Proxy Form”	:	The proxy form enclosed with this Appendix to be used by Depositor(s) (being corporations) and/or Depositor(s) (being individuals who are unable to attend the AGM personally) who wish to appoint person(s) to attend the AGM and vote on its/his/her behalf
“Director”	:	A director of the Company as at the date of this Appendix or as appointed from time to time
“EGM 2017”	:	The extraordinary general meeting of the Company held on 27 October 2017
“Entity at Risk”	:	Has the meaning ascribed to it in Paragraph 3.2 of this Appendix
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended 30 June
“Group”	:	The Company and its subsidiaries, collectively
“Interested Person”	:	Interested person of the Company who falls within the IPT Mandate, as defined in Paragraph 3.6 of this Appendix
“Interested Person Transaction(s)” or “IPT”	:	Has the meaning ascribed to it in Paragraph 3.2 of this Appendix
“IPT Mandate”	:	The general mandate for the Group to enter into the Mandated Transaction(s) with the Interested Person pursuant to Chapter 9 of the Catalist Rules, as further described in this Appendix

“IPT Register”	:	The register of IPTs as defined in Paragraph 3.8.3 of this Appendix, namely, the register of transactions carried out with interested persons, recording information pertinent to IPTs such as but not limited to, the list of interested persons, the nature of the IPTs, the basis and rationale for the entry into the transactions, the pricing and terms of the two other transactions of a similar nature with unrelated third parties which were used for comparison, other evidence obtained to support such basis on which the IPTs were entered into, as well as the approving authority
“Latest Practicable Date”	:	5 October 2017, being the latest practicable date prior to the printing of this Appendix
“LPS”	:	Loss per Share
“Mandated Transaction(s)”	:	Has the meaning ascribed to it in Paragraph 3.7 of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Paragraph 2.3.3 of this Appendix
“Memorandum”	:	The memorandum of association of the Company, as may be amended or modified from time to time
“NAV”	:	Net asset value
“Non-Interested Directors”	:	The Directors who are deemed to be independent for the purposes of making a recommendation on the proposed renewal of the IPT Mandate, namely, Mr. Tan Eng Kiat Dominic, Mr. Tham Kok Peng, Mr. Aw Eng Hai and Mr. Lye Thiam Fatt Joseph Victor
“Notice of AGM”	:	The notice to Shareholders of the AGM as set out on pages 115 to 119 of the annual report
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Paragraph 2.3.3 of this Appendix
“Proxy Form”	:	Each of the Depositor Proxy Form or the Shareholder Proxy Form, as the case may be
“RDC Arkitek”	:	RDC Arkitek Sdn. Bhd.

“Relevant Period”	:	The period commencing from the date on which the last AGM of the Company was held and expiring on the date of the next AGM of the Company is held or is required by law or by the Articles of Association to be held whichever is earlier after the date the resolution relating to the Share Buyback Mandate is passed
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the register of members of the Company. For the purposes of this Appendix, where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shareholder Proxy Form”	:	The proxy form enclosed with this Appendix to be used by a Shareholder (other than CDP) who wishes to appoint a proxy or proxies to attend the AGM and vote on its/his/her behalf
“Share Buyback Mandate”	:	A general mandate 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 Appendix as well as the rules and regulations set forth in the Catalist Rules and subject to compliance with the Cayman Companies law
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Singapore Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Subsidiary Holdings”	:	Shares referred in sections 21(4), 21(4B), 21(6A) and 21(6C) of the Singapore Companies Act
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Substantial Shareholder”	:	A person who has an interest in the Shares, the total votes attached to which is not less than five per cent. of the total votes attached to all voting Shares of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended, varied or supplemented from time to time

“Treasury Shares”	:	Issued Shares of the Company which have been purchased by the Company in circumstances whereby section 37A of the Cayman Companies Law applies and have been continuously held by the Company since such purchase
“%” or “per cent.”	:	Percentage or per centum
“RM”, and “RM cents” respectively	:	Malaysian ringgit and cents respectively
“S\$”	:	Singapore dollars

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act or any statutory modification thereof, as the case may be.

The expressions **“associated company”** and **“subsidiary”**, shall have the meaning ascribed to them respectively in the Securities and Futures Act, and the Catalist Rules, as the case may be.

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. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Cayman Companies Law, the Securities and Futures Act, and the Catalist Rules or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Cayman Companies Law, the Securities and Futures Act, and the Catalist Rules or modification as the case may be.

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

Any discrepancy with the tables in this Appendix between the listed amounts and the totals thereof is due to rounding. Headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Exchange Rates

Unless otherwise stated, the exchange rate between RM and S\$ was RM2.9999 : S\$1 as at the Latest Practicable Date. This exchange rate should not be construed as a representation that the RM amounts could have been, or could be, converted into Singapore dollars at the rate stated, or at all, and vice versa.

CAPITAL WORLD LIMITED

(Incorporated in the Cayman Islands on 15 March 2013)
(Company Registration No.: CT-276295)

Board of Directors:

Mr. Tan Eng Kiat Dominic (*Non-Executive Chairman and Independent Director*)
Mr. Siow Chien Fu (*Executive Director and CEO*)
Mr. Tham Kok Peng (*Executive Director*)
Mr. Aw Eng Hai (*Independent Director*)
Mr. Lye Thiam Fatt Joseph Victor (*Independent Director*)

Registered Office:

The offices of Conyers Trust
Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

15 October 2018

To: The Shareholders of Capital World Limited

Dear Sir/Madam

1. INTRODUCTION

1.1. The Directors refer to the Notice of AGM of the Company dated 15 October 2018 convening the 2018 AGM to be held on 31 October 2018 to seek approval of the Shareholders in relation to:

- (a) the proposed renewal of the Share Buyback Mandate; and
- (b) the proposed renewal of the IPT Mandate.

1.2. The purpose of this Appendix is to provide Shareholders with information relating to the aforesaid matters, and to seek Shareholders' approval in respect of the same at the 2018 AGM. The Notice of AGM is set out on pages 115 to 119 of the Annual Report.

1.3. The Sponsor and the SGX-ST take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Appendix. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1. Background

The proposed Ordinary Resolution 7 in the Notice of AGM relates to the proposed renewal of the Share Buyback Mandate. The Share Buyback Mandate was first approved by Shareholders at the EGM 2017 of the Company held on 27 October 2017 and will expire on the date of the 2018 AGM, being 31 October 2018. Accordingly, the Company is proposing to seek the renewal of the Share Buyback Mandate via an ordinary resolution at the 2018 AGM.

If renewed at the forthcoming 2018 AGM, the authority conferred by the Share Buyback Mandate will, unless revoked or varied by the Company in a general meeting or carried out to the full extent mandated, take effect from the date of the 2018 AGM and continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

2.2. Rationale for the Share Buyback Mandate

The Company strives to increase Shareholders' value in the Company by improving, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways in which the return on equity of the Group may be enhanced.

Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to lead to enhancing the EPS per Share.

The Directors believe that a share buyback by the Company will also help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. Further, share buybacks will allow management to effectively manage and minimise the dilution impact, if any, that may be associated with any share-based incentive scheme of the Company.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via Market Purchases or Off-Market Purchases, after taking into account factors such as the amount of cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

2.3. Authority and Limits of the Share Buyback Mandate

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

2.3.1. Maximum Number of Shares

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

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company (excluding Treasury Shares and Subsidiary Holdings (if any)) as at the date of the AGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Companies Law, in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any Treasury Shares and Subsidiary Holdings (if any) that may be held by the Company from time to time).

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date of S\$52,683,783, comprising 1,317,094,554 Shares (excluding Treasury Shares and Subsidiary Holdings), with par value of S\$0.04 each and assuming no further Shares are issued on or prior to the 2018 AGM, not more than 131,709,455 Shares (representing 10% of the issued Shares of the Company (excluding Treasury Shares and Subsidiary Holdings)) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate proposed to be renewed. As at the Latest Practicable Date, the Company does not hold any Treasury Shares and does not have any Subsidiary Holdings.

While the Share Buyback Mandate proposed to be renewed would authorise a purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out up to the full 10% limit as authorised. In particular, the Board will not effect the purchase or acquisition of the Shares to be made in circumstances which would have an adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

2.3.2. Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2018 AGM at which the proposed renewal of the Share Buyback Mandate is approved, up to the earliest of:

- (a) the conclusion of the next AGM, or the date by which the next AGM is required by law or by the Articles of Association to be held; or
- (b) the date on which the purchases or acquisitions of Shares are carried out to the full extent of the Share Buyback Mandate; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed by Shareholders at the next AGM or at any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.3.3. Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases (the “**Market Purchase**”), transacted on the SGX-ST through the SGX-ST’s trading system or, as the case may be, any other stock 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; and/or
- (b) off-market purchases (the “**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Singapore Companies Act, and which will satisfy all the conditions prescribed by the Articles of Association and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules, the Memorandum and Articles of Association and the Cayman Companies Law, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

While the Company is not bound by Singapore Companies Act, any Off-Market Purchase in accordance with an equal access scheme must also 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 the abovementioned 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 (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable), and (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share buyback;
- (4) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the share buybacks, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (6) details of any share buybacks made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of the Shares purchased, the purchase price per Share or the highest or lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.4. Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the Share Buyback must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Market Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Market Price (as defined below),

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

For the purposes of determining the Maximum Price:

“**Average Closing Market Price**” means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, preceding the day on which the purchase or acquisition of the Shares was made or, as the case may be, preceding the day of making the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period; and

“**day of the making of the offer**” means the day on which the Company announces 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.

2.5. Status of Purchased or Acquired Shares

A Share purchased or acquired by the Company is, unless held as a Treasury Share in accordance with the Cayman Companies Law, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire and the Company’s issued share capital (but not the authorised capital) shall be diminished by the nominal value of that Share. The total number of issued Shares (but not the Company’s authorised share capital) will be diminished by the number of Shares which are purchased or acquired and cancelled by the Company. All Shares purchased and cancelled by the Company will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

2.6. Treasury Shares

Under the Cayman Companies Law, a company may hold shares so purchased or acquired as treasury shares provided that:

- (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;

- (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and
- (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Treasury Shares held by the Company will continue to be classified as treasury shares until they are either cancelled or transferred. If the Company holds Treasury Shares, it may at any time:

- (i) cancel the Treasury Shares in accordance with the provisions of the Articles of Association, or in absence of any such provisions, by a resolution of its Directors, and if so cancelled the amount of the Company's issued share capital shall be diminished by the nominal or par value of those shares accordingly but the Company's authorised share capital shall not be reduced; or
- (ii) transfer some or all of the Treasury Shares to any person whether or not for valuable consideration (including at a discount to the nominal or par value of such shares).

For so long as the Company holds Treasury Shares:

- (A) notwithstanding that the Company shall be entered in its register of members as holding those shares:
 - (1) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and
 - (2) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of the Articles of Association or the Cayman Companies Law;
- (B) no dividend may be declared or paid, and no other 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 a Treasury Share; and
- (C) Shares may be allotted and issued as fully paid bonus Shares in respect of Treasury Shares and such Shares allotted as fully paid bonus Shares in respect of Treasury Shares shall be treated as Treasury Shares.

2.7. Reporting and Catalist Rules Requirements

Under the Catalist Rule 704(31), 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 comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares outstanding in a class that is listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

Catalist Rule 871 specifies that a listed company shall announce all purchases or acquisitions of its shares via SGXNET not later than 9.00 a.m.

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

The notification of such purchases or acquisition of Shares via SGXNET shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications via SGXNET.

Dealing in Shares

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by SGX-ST, the Company will not purchase or acquire any Shares pursuant to the Share Buyback Mandate during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company’s full year financial statements.

Shares Held by the Public

The Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares is at all time held by the public. The “public”, as defined under the Catalist Rules, are persons other than the Directors, chief executive officers, 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, 294,344,327 Shares representing 22.34% of the issued Shares are held in the hands of the public. For illustration only, in the event that the Company purchases the maximum of 10% of the total number of issued Shares from public Shareholders by way of a Market Purchase, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 13.72%. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.8. Source of Funds

The Company may only apply funds for the share purchase(s) pursuant to the Share Buyback Mandate in accordance with the Cayman Companies Law, the Articles of Association and any other applicable laws, rules and regulations in the Cayman Islands and Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Articles of Association and the Cayman Companies Law, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the profits of the Company, out of the share premium account, out of the proceeds of a fresh issue of Shares made for the purposes of the purchase or out of capital as the Directors may determine in accordance with the provisions of the Articles of Association and the Cayman Companies Law.

A payment out of capital by the Company for the purchase of its own Shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

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

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group will be adversely affected.

2.9. Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the amount borrowed by the Group (if any) to fund the purchases or acquisitions, whether the Shares are purchased or acquired out of capital or profits, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Group and the Company, based on the audited financial statements of the Group for FY2018, are based on the assumptions set out below.

(a) Number of Shares purchased or acquired

As at the Latest Practicable Date, the issued and paid-up share capital of the Company was S\$52,683,783, comprising 1,317,094,554 Shares (excluding Treasury Shares) with par value of S\$0.04 each. Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2018 AGM, the purchase by the Company of up to the maximum limit of 10% of its issued ordinary Shares will result in the purchase or acquisition of 131,709,455 Shares.

(b) Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 131,709,455 Shares at the Maximum Price of S\$0.0512 for one Share (being the price equivalent to five per cent. above the last Average Closing Market Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 131,709,455 Shares is S\$6,748,792 (equivalent to approximately RM20,245,703), excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 131,709,455 Shares at the Maximum Price of S\$0.0586 for one Share (being the price equivalent to 20% above the Average Closing Market Price of the Shares as recorded for the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 131,709,455 Shares is S\$7,712,906 (equivalent to approximately RM23,137,946), excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses.

For illustrative purposes only, on the basis of the assumptions set out above, and assuming that:

- (i) the purchase of Shares is financed by internal sources of funds and long-term borrowings by the Group and/or the Company;
- (ii) the Share Buyback Mandate had been effective on 1 July 2017;
- (iii) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 July 2017 for the purpose of computing the financial effects on the EPS of the Group and LPS of the Company;
- (iv) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 30 June 2018 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group;
- (v) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are insignificant and are ignored for the purpose of computing the financial effects; and
- (vi) the Company had purchased the 131,709,455 Shares (representing 10% of the total number of issued Shares of the Company as at the Latest Practicable Date) on 1 July 2017,

the financial effects of the purchase of the 131,709,455 Shares by the Company pursuant to the Share Buyback Mandate:

- (1) by way of purchases made entirely out of capital and held as Treasury Shares; and
- (2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Company and the Group for FY2018 are set out below.

(1) Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
As at 30 June 2018/For FY2018 (RM' 000)						
Share Capital and Reserves	132,493	132,493	132,493	822,685	822,685	822,685
Retained earnings/ (Accumulated losses)	169,421	168,409	168,264	(28,028)	(29,040)	(29,185)
Treasury Shares	–	(20,246)	(23,138)	–	(20,246)	(23,138)
Total Shareholders' Equity	301,914	280,656	277,619	794,657	773,399	770,362
NTA	206,212	184,954	181,917	794,657	773,399	770,362
Current Assets	292,903	282,780	281,334	62,455	62,455	62,455
Current Liabilities	360,975	361,987	362,132	29,408	30,420	30,565
Working Capital	(68,072)	(79,207)	(80,798)	33,047	32,035	31,890
Total Borrowings	49,263	59,386	60,832	23,485	43,731	46,623
Cash and bank balances	29,479	19,356	17,910	2,356	2,356	2,356
Number of issued Shares ('000) ⁽¹⁾	1,302,460	1,170,751	1,170,751	1,302,460	1,170,751	1,170,751
Weighted average number of Shares ('000)	1,273,459	944,864	944,864	1,273,459	944,864	944,864
Number of Treasury Shares ('000)	–	131,709	131,709	–	131,709	131,709
Profit/(Loss) for the year attributable to Shareholders	58,598	57,586	57,441	(614)	(1,626)	(1,771)
Financial Ratios						
NTA per Share ⁽²⁾ (RM cents)	15.83	15.80	15.54	61.01	66.06	65.80
Gearing ⁽³⁾ (times)	16.32%	21.16%	21.91%	2.96%	5.65%	6.05%
Current Ratio ⁽⁴⁾ (times)	0.81	0.78	0.78	2.12	2.05	2.04
Basic EPS/(LPS) ⁽⁵⁾ (RM cents)	4.60	6.09	6.08	(0.05)	(0.17)	(0.19)

Notes:

- (1) Number of issued Shares is based on the Shares in issue as at 30 June 2018, excluding Treasury Shares.
- (2) NTA per Share is calculated based on NTA divided by the number of issued Shares (excluding Treasury Shares) as at 30 June 2018.
- (3) Gearing is calculated based on total borrowings divided by total equity.
- (4) Current ratio is calculated based on current assets divided by current liabilities.
- (5) Basic EPS/(LPS) is calculated based on profit/(loss) for the financial year divided by the weighted average number of Shares (excluding Treasury Shares) for FY2018.

(2) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buyback	After Share Buyback Market Purchase	Off-Market Purchase	Before Share Buyback	After Share Buyback Market Purchase	Off-Market Purchase
As at 30 June 2018/For FY2018 (RM' 000)						
Share Capital and Reserves	132,493	112,247	109,355	822,685	802,439	799,547
Retained earnings/ (Accumulated losses)	169,421	168,409	168,264	(28,028)	(29,040)	(29,185)
Total Shareholders' Equity	301,914	280,656	277,619	794,657	773,399	770,362
NTA	206,212	184,954	181,917	794,657	773,399	770,362
Current Assets	292,903	282,780	281,334	62,455	62,455	62,455
Current Liabilities	360,975	361,987	362,132	29,408	30,420	30,565
Working Capital	(68,072)	(79,207)	(80,798)	33,047	32,035	31,890
Total Borrowings	49,263	59,386	60,832	23,485	43,731	46,623
Cash and bank balances	29,479	19,356	17,910	2,356	2,356	2,356
Number of issued Shares ('000) ⁽¹⁾	1,302,460	1,170,751	1,170,751	1,302,460	1,170,751	1,170,751
Weighted average number of Shares ('000)	1,273,459	944,864	944,864	1,273,459	944,864	944,864
Profit/(Loss) for the year attributable to Shareholders	58,598	57,586	57,441	(614)	(1,626)	(1,771)
Financial Ratios						
NTA per Share ⁽²⁾ (RM cents)	15.83	15.80	15.54	61.01	66.06	65.80
Gearing ⁽³⁾ (times)	16.32%	21.16%	21.91%	2.96%	5.65%	6.05%
Current Ratio ⁽⁴⁾ (times)	0.81	0.78	0.78	2.12	2.05	2.04
Basic EPS/(LPS) ⁽⁵⁾ (RM cents)	4.60	6.09	6.08	(0.05)	(0.17)	(0.19)

Notes:

- (1) Number of issued Shares is based on the Share in issue as at 30 June 2018, excluding Treasury Shares.
- (2) NTA per Share is calculated based on NTA divided by the number of issued Shares (excluding Treasury Shares) as at 30 June 2018.
- (3) Gearing is calculated based on total borrowings divided by total equity.
- (4) Current ratio is calculated based on current assets divided by current liabilities.
- (5) Basic EPS/(LPS) is calculated based on profit/(loss) for the year divided by the weighted average number of Shares (excluding Treasury Shares) for FY2018.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS of the Group.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed renewal of the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of issued Shares. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares repurchased in treasury.

2.10. Take-over Code Implications

Pursuant to Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires 30% or more of the voting rights of the company whether by a series of transactions over a period of time or not; or
- (b) he holds between 30% and 50% of the voting rights of the company and he increases his voting rights in the company by more than one per cent. in any six-month period.

If the proportionate shareholding in the voting capital of the company of a shareholder and persons acting in concert with him increases as a result of the company buying back its shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the shareholder and persons acting in concert with him obtaining or consolidating effective control of the company, they may be obliged to make a take-over offer under Rule 14 of the Take-over Code.

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.

The following individuals will, *inter alia*, be presumed to be acting in concert unless the contrary is established:

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% 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 and any companies controlled by any of the directors, their close relatives and related trusts;

- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its 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.

2.10.1. Effect of Rule 14 and Appendix 2 “Share Buy-Back Guidance Note” of the Take-over Code

Generally, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold 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 one per cent. in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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 own Shares, the voting rights of such Shareholder 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 one per cent. in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate unless so required under Singapore Companies Act.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation on them to make a mandatory take-over offer would arise by reason of any purchases or acquisitions of Shares by the Company.

2.10.2. Information on Mr. Siow Chien Fu, the Company's Executive Director and CEO and Controlling Shareholder

As at the Latest Practicable Date, Mr. Siow Chien Fu holds 503,745,713 Shares, representing approximately 38.25% of the issued Shares (excluding Treasury Shares).

Pursuant to Appendix 2 read together with Rule 14 of the Take-over Code, if, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting rights held by Mr. Siow Chien Fu, and persons acting in concert with him, increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, Mr. Siow Chien Fu, and persons acting in concert with him, could obtain or consolidate effective control of the Company and become obliged to make a general offer under Rule 14 of the Take-over Code.

For illustrative purposes only, the purchase or acquisition of 131,709,455 Shares by the Company, representing 10% of the issued Shares (excluding Treasury Shares) as at the Latest Practicable Date, from the independent Shareholders pursuant to the maximum limit permitted under the Share Buyback Mandate, would result in the interest in Shares of Mr. Siow Chien Fu increasing from approximately 38.25% to approximately 42.50% of the issued Shares (excluding Treasury Shares).

2.10.3. Conditional Exemption from having to make a Take-over Offer

Under Appendix 2 of the Take-over Code, Mr. Siow Chien Fu, and persons acting in concert with him, will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) This Appendix to Shareholders on the resolution to authorise the proposed renewal of the Share Buyback Mandate to contain advice to the effect that by voting for such resolution, Shareholders are waiving their rights to a general offer at the required price from Mr. Siow Chien Fu, and persons acting in concert with him, which, as a result of the Company buying back its Shares, would, in aggregate, increase voting rights of Mr. Siow Chien Fu, and persons acting in concert with him, by more than one per cent. in any period of six months, and the names of Mr. Siow Chien Fu, and persons acting in concert with him, their voting rights at the time of the resolution and after the proposed share buyback;
- (b) the resolution to authorise a share buyback 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 buyback of Shares by the Company;
- (c) Mr. Siow Chien Fu, and persons acting in concert with him, to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed renewal of the Share Buyback Mandate;
- (d) within seven days after passing the resolution to authorise the proposed renewal of the Share Buyback Mandate, Mr. Siow Chien Fu to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) Mr. Siow Chien Fu, and persons acting in concert with him, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate proposal is imminent and the earlier of (i) the date on which the authority of the Share Buyback Mandate expires, and (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to

cease buying back its Shares, as the case may be, if such acquisitions, taken together with the buyback of Shares by the Company, would cause the voting rights in the Company to increase to 30% or more; and

- (f) Mr. Siow Chien Fu, and persons acting in concert with him, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate proposal is imminent and the earlier of (i) the date on which the authority of the Share Buyback Mandate expires, and (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the buyback of Shares by the Company, would cause their aggregate voting rights in the Company to increase by more than one per cent. in the preceding six months.

To-date, there are no parties in concert with Mr. Siow Chien Fu who hold Shares in the Company.

Form 2 (Submission by directors pursuant to Appendix 2 “Share Buy-Back Guidance Note” of the Take-over Code) is the prescribed form to be submitted to the SIC by a director acting in concert with a shareholder of a listed company who could become obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of Shares by the Company pursuant to the conditions for exemption (as set out above).

As at the Latest Practicable Date, Mr. Siow Chien Fu has informed the Company that he will submit a Form 2 to the SIC within seven days after the passing of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

SHAREHOLDERS ARE ADVISED THAT BY VOTING IN FAVOUR OF THE ORDINARY RESOLUTION RELATING TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE, THEY WILL BE WAIVING THEIR RIGHT TO A GENERAL OFFER AT THE REQUIRED PRICE FROM MR. SIOW CHIEN FU, AND PERSONS ACTING IN CONCERT WITH HIM.

2.11. No share buybacks in the previous 12 months

The Company has not purchased or acquired any Shares under the Share Buyback Mandate (whether by way of Market Purchase or Off-Market Purchase) during the 12-month period preceding the Latest Practicable Date.

2.12. Tax Implications

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

2.13. Interested Persons

The Company is prohibited from knowingly purchasing Shares on Catalist of SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his/her Shares to the Company.

3. THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

3.1. Background

The proposed Ordinary Resolution 8 in the Notice of AGM relates to the proposed renewal of the IPT Mandate. The IPT Mandate was first approved by Shareholders at the EGM 2017 of the Company held on 27 October 2017 and will expire on the date of the 2018 AGM, being 31 October 2018. Accordingly, the Company is proposing to seek the renewal of the IPT Mandate via an ordinary resolution at the 2018 AGM.

At the 2017 EGM, a shareholders' mandate was obtained for the Group to enter into transaction(s) falling within the category of Interested Person Transaction(s) described in the Company's circular dated 11 October 2017, with RDC Arkitek, provided that such transaction(s) is entered into on normal commercial terms, in accordance with the guidelines and procedures for review and administration of the Interested Person Transaction(s), and will not be prejudicial to the interest of the Company and its minority Shareholders, as described in the said circular.

3.2. Chapter 9 of the Catalist Rules

Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies that are defined as an "entity at risk" proposes to enter into a transaction with an "interested person", an immediate announcement or an immediate announcement and shareholders' approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3.0% of the group's latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited NTA.

Further, shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5.0% of the group's latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5.0% of the group's latest audited NTA.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000 (unless amended or modified otherwise).

For the purpose of Chapter 9 of the Catalist Rules:

an “**entity at risk**” means:

- (a) the listed company;
- (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

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

an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;

an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and

a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

For illustration purposes, based on the audited consolidated financial statements of the Group for FY2018, the audited NTA of the Group was approximately RM206,212,000. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Catalist Rules for the current financial year, Shareholders’ approval is required where:

- (a) the interested person transaction is of a value equal to, or more than, approximately RM10,310,600, being 5% of the latest audited NTA value of the Group; or
- (b) the interested person transaction, when aggregated with other transactions entered into with the same interested person or interested persons of the same group during the same financial year, is of a value equal to, or more than, approximately RM10,310,600.

3.3. Rationale for the Proposed Renewal of the IPT Mandate

The Group is an integrated property developer that focuses on working with landowners on a joint venture basis to minimise initial capital outlay. Based in the Johor region in Malaysia, it undertakes the conception, design and implementation of integrated property projects.

The Group has currently engaged RDC Arkitek to provide architectural consultation services in respect of Project Capital City, an integrated property project comprising a retail mall, hotel, serviced suites and serviced apartments along Jalan Tampoi, Johor Bahru, Malaysia. It is anticipated that the Group would, in the ordinary course of business, continue to engage RDC Arkitek to provide architectural consultation services in connection with the Group’s property development projects.

In view of the time-sensitive and recurrent nature of commercial transactions, and the need for smooth and efficient conduct of business, it would be advantageous for the Group to renew the IPT Mandate to enter into the categories of interested person transaction(s) as specified in Paragraph 3.7 of this Appendix with the Interested Person as set out in Paragraph 3.6 of this Appendix in its ordinary course of business, provided that all such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.4. Benefits of the Proposed Renewal of the IPT Mandate

The Group will benefit from having access to competitive quotes from the Interested Person in addition to obtaining quotes from, or transacting with, unrelated third parties. Moreover, RDC Arkitek has won numerous accolades over the years, attesting to the quality of services it provides. Hence, the Group will benefit from not being restricted from obtaining quotes from or transacting with the Interested Person, thereby expanding the pool of parties it may work with, and allowing access to higher quality services at competitive prices, therefore improving the Group's flexibility of operations.

Furthermore, the proposed renewal of the IPT Mandate, if approved by the Shareholders, will eliminate the need for the Company to announce the entry by an Entity At Risk into each Mandated Transaction with the Interested Person that exceeds 3.0% of the Group's latest audited NTA, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by an Entity At Risk into such Mandated Transaction with the Interested Person that exceed 5.0% of the Group's latest audited NTA. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other business and corporate objectives. Notwithstanding the above, Shareholders will be updated on the value of such Mandated Transaction through the Company's interim and full-year financial statements and in its annual report.

3.5. Validity Period of the Proposed Renewal of the IPT Mandate

If approved by Shareholders at the 2018 AGM, the proposed renewal of the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM is held or is required by law to be held, whichever is the earlier. Approval from the Shareholders will continue to be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of the continued requirement of the IPT Mandate and the continued sufficiency of the review procedures to ensure that the Mandated Transaction(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.6. Classes of Interested Person

The IPT Mandate will apply to the categories of transaction as specified in Paragraph 3.7 below between any Entity at Risk and RDC Arkitek ("**Interested Person**").

As at the Latest Practicable Date, Mr. Siow Chien Fu, the Executive Director, Chief Executive Officer and Controlling Shareholder of the Company, has approximately a 38.25% shareholding interest in the Company. He is also a non-executive director of RDC Arkitek and currently holds a 65.0% interest in it. As such, RDC Arkitek is an Associate of Mr. Siow Chien Fu and therefore an Interested Person of the Company.

Transactions with the Interested Person that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

3.7. Categories of Interested Person Transaction(s)

The type of transaction with the Interested Person specified in Paragraph 3.6 of this Appendix above to which the proposed renewal of IPT Mandate applies to (“**Mandated Transaction(s)**”) is as follows:

Obtaining of Architectural Consultation Services

The Group may appoint RDC Arkitek to provide architectural consultation services to the Group in relation to its property development projects. Architectural consultation services involve mainly the provision of schematic design and drawings, project planning, monitoring of work programmes and the issuance of the relevant certificates.

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate. The IPT Mandate proposed to be renewed will also not cover any transaction by any entity in the Group with the Interested Person that is below S\$100,000 in value (unless amended or modified otherwise) as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Finally, transactions with other interested persons (including the Interested Person) that do not fall within the ambit of the IPT Mandate proposed to be renewed will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

3.8. Guidelines and Review Procedures for the Mandated Transaction(s) under the IPT Mandate

The Group has established the following procedures to ensure that the Mandated Transaction(s) is carried out on an arm’s length basis, on normal commercial terms consistent with the Group’s usual business practices and on terms which are generally not less favourable than those offered by unrelated third parties and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.8.1. Guidelines and review procedures for the Mandated Transaction(s)

Obtaining of Architectural Consultation Services

Prior to engaging any architectural consultation services from the Interested Person, two other quotations for the same services from unrelated third parties will be obtained for comparison. The Group will only enter into transactions with the Interested Person if the fees from the Interested Person are not higher than the most competitive fee of the two (2) other quotations from unrelated third parties. In determining the most competitive fee, all pertinent factors, including but not limited to track record, experience, expertise, quality, requirements, specifications, delivery time and payment terms will be taken into consideration.

3.8.2. Approval and Review Threshold

The following approval procedures have been implemented to supplement existing internal control procedures for the Mandated Transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms. For the avoidance of doubt, where the approving party as stipulated herein is interested in the transaction to be approved, he/she will inform the Audit Committee and such disclosures should be documented. In the event any equivalent person with the relevant experience and responsibility as stated below for the various thresholds cannot be determined, the approving authority shall be decided by the Audit Committee.

Review and approval thresholds for individual and aggregate transactions shall be as follows:

- (a) where the value of any individual Mandated Transaction with the Interested Person is below 3% of the Group's latest audited NTA, such transaction shall require the review and prior approval of the CFO (or equivalent person) and an Executive Director, who is not interested in the transaction;
- (b) where the value of any individual Mandated Transaction is equal to or more than 3% of the Group's latest audited NTA, such transactions shall require the prior approval of the Audit Committee and recommendation of the CFO (or equivalent person) or an Executive Director who is not interested in the transaction. If a member of the Audit Committee is interested in any Mandated Transactions, he shall abstain from participating in the review of that particular transaction; and
- (c) where the value of any individual Mandated Transaction, when aggregated with other transactions entered into with the same Interested Person in a financial year is equal to or more than 3% of the Group's latest audited NTA, all subsequent transactions will be subject to the prior approval of the Audit Committee and recommendation of the CFO (or equivalent person) or an Executive Director who is not interested in the transaction. If a member of the Audit Committee is interested in any Mandated Transactions, he shall abstain from participating in the review of such transactions. Mandated Transactions that have been approved by the Audit Committee need not be aggregated for the purpose of such approval. For avoidance of doubt, the Audit Committee shall be responsible for such approvals.

The threshold limits set out above are adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for Mandated Transactions. The approval threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Company for the Mandated Transactions. Furthermore, the Audit Committee will review the threshold limits annually to ensure that they are not prejudicial to the interests of the Company and its minority Shareholders.

3.8.3. Additional Controls

In addition to the guidelines and review procedures set out above, the Company will implement the following supplementary procedures to ensure that the Mandated Transactions carried out under the IPT Mandate are undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders:

(a) Maintain registers of Interested Persons and IPTs

The finance department of the Group will maintain and update a list of interested persons (including the Interested Person) (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons will be reviewed monthly by the CFO (or equivalent person), who shall also not be interested in any of the IPTs, and who are duly delegated to do so by the Audit Committee. The list of interested persons shall be reviewed by the Audit Committee at least on a quarterly basis, to ensure that the IPTs are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors.

The finance department of the Group will also maintain a register of IPTs (including the Mandated Transactions), including those below S\$100,000 in value ("**IPT Register**"). The IPT Register will record information pertinent to IPTs such as but not limited to, the list of interested persons, the nature of the IPTs, the basis and rationale for the entry into the transactions, the pricing and terms of the two other transactions of a similar nature with unrelated third parties which were used for comparison, other evidence obtained to support such basis on which the IPTs were entered into, as well as the approving authority. The IPT Register shall be reviewed by the CFO (or equivalent person) who is not interested in the IPTs on a monthly basis. In addition, any exceptions or departures from the procedures shall be reported and highlighted to the Audit Committee immediately.

The Audit Committee shall periodically, at least on a quarterly basis, review the IPT Register to ensure that all interested person transactions (including the Mandated Transactions) are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the proposed renewal of the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other information deemed necessary by the Audit Committee.

The CFO (or equivalent person) will obtain signed letters of confirmation from the Directors, key management of the Company, and the Controlling Shareholders on a periodic basis (of not more than quarterly or such other period as may be determined by the Audit Committee) with respect to their interest in any transactions with the Group.

(b) Review by Audit Committee

The Audit Committee will review all the Mandated Transactions on a quarterly basis to ensure that the established guidelines and review procedures for the Mandated Transactions have been complied with and the relevant approvals have been obtained.

The Audit Committee will review the established guidelines and review procedures of the Mandated Transactions and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate or insufficient to meet such objectives, the Company will seek a fresh mandate from the Shareholders based on new guidelines and review procedures for the Mandated Transaction(s). During the interim period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the Audit Committee.

The Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the Mandated Transactions under review.

(c) Review by Internal Auditors

The Group's annual or periodic (such periods as may be decided by the Audit Committee) internal audit plan shall incorporate a review of all new IPTs (including the Mandated Transactions), including the established review procedures for monitoring of such IPTs (including the Mandated Transactions), entered into during the current financial year pursuant to the proposed renewal of the IPT Mandate. The approval thresholds as stipulated in this Appendix may be delegated with the approval of the Audit Committee which will be duly documented together with the bases for such approval.

The Audit Committee shall review the annual or periodic (such periods as may be decided by the Audit Committee) internal audit reports to ascertain that the guidelines and review procedures under the proposed renewal of the IPT Mandate have been complied with and have overall responsibility for the determination of such guidelines and review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

(d) Further Compliance

The Directors will ensure that all disclosure, approval and other requirements on IPTs (including the Mandated Transactions), including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

3.9. Disclosure in Financial Results Announcement and Annual Report

The Company will announce the aggregate value of transactions conducted with the Interested Person pursuant to the proposed renewal of the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Person pursuant to the proposed renewal of the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the proposed renewal of the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company are as follows:

	Direct interest		Deemed interest	
	Number of shares	% of total issued shares	Number of shares	% of total issued shares
Directors				
Mr. Tan Eng Kiat Dominic	–	–	–	–
Mr. Siow Chien Fu	503,745,713	38.25	–	–
Mr. Tham Kok Peng	–	–	–	–
Mr. Aw Eng Hai	–	–	–	–
Mr. Lye Thiam Fatt Joseph Victor	–	–	–	–
Substantial Shareholders (other than the Directors)				
Mr. Tan June Teng Colin @ Chen Junting (“Colin Tan”) ⁽¹⁾	250,892,857	19.05	–	–
Mr. Tan Ping Huang Edwin @ Chen Binghuang (“Edwin Tan”) ⁽¹⁾	250,892,857	19.05	–	–
Mr. Chong Thim Pheng ⁽²⁾	17,218,800	1.31	243,902,439	18.52

Note:

- (1) Mr. Colin Tan and Mr. Edwin Tan are brothers. The aggregate shares held by Mr. Colin Tan and Mr. Edwin Tan, as parties acting in concert, account for approximately 38.10% of the total issued Shares of the Company.
- (2) Mr. Chong Thim Pheng is deemed interested in the share charge granted by Mr. Siow Chien Fu, Mr. Tan June Teng Colin @ Chen Junting and Mr. Tan Ping Huang Edwin @ Chen Binghuang.

5. STATEMENT FROM THE AUDIT COMMITTEE

Having considered, *inter alia*, the terms, the rationale and the benefits of the proposed renewal of the IPT Mandate in Paragraphs 3.3 and 3.4 of this Appendix, the Audit Committee has reviewed the guidelines and review procedures, as set out in Paragraph 3.8 of this Appendix and proposed by the Company for determining pricing and terms of the Mandated Transaction(s), and is satisfied that the guidelines and review procedures for the Mandated Transaction(s), are sufficient to ensure that the Mandated Transaction(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee confirms that the methods and procedures for determining the transaction prices have not changed since the last Shareholders approval at the EGM 2017.

6. DIRECTORS' RECOMMENDATION

The Proposed Renewal of the Share Buyback Mandate

The Directors (other than Mr. Siow Chien Fu) are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors (other than Mr. Siow Chien Fu) recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate to be proposed at the 2018 AGM as set out in the Notice of AGM.

In accordance with the exemption referred to in Paragraph 2.10.3 of this Appendix, Mr. Siow Chien Fu has abstained from making any recommendation to Shareholders on the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

The Proposed Renewal of the IPT Mandate

Having considered, among other things, the rationale for the Proposed IPT Mandate, the benefits of the Proposed IPT Mandate to our Group, the Non-Interested Directors are unanimously of the opinion that the Proposed IPT Mandate is in the best interests of the Company. The Non-Interested Directors unanimously agree that the guidelines and review procedures for determining pricing and terms of the Mandated Transactions as stated in Paragraph 3.8 of this Appendix for the Mandated Transactions to be entered into pursuant to the IPT Mandate proposed to be renewed are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Non-Interested Directors unanimously recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the IPT Mandate as set out in the Notice of AGM.

7. ABSTENTION FROM VOTING

The Proposed Renewal of the Share Buyback Mandate

Mr. Siow Chien Fu, and persons acting in concert with him (if any), will not be accepting any appointment as proxy, corporate representative, attorney or otherwise for purposes of voting on the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

In accordance with the exemption referred to in Paragraph 2.10.3 of this Appendix, Mr. Siow Chien Fu, and persons acting in concert with him (if any), shall abstain from voting at the 2018 AGM in respect of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

The Proposed Renewal of the IPT Mandate

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Person will abstain and have undertaken to ensure that their Associates will abstain from voting on the resolution approving the proposed renewal of the IPT Mandate. As such, Mr. Siow Chien Fu, and his Associates, shall abstain from voting at the 2018 AGM on the ordinary resolution relating to the proposed renewal of the IPT Mandate.

Mr. Siow Chien Fu, and his Associates, will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the proposed renewal of the IPT Mandate, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

Save as disclosed, the Company is not aware of any of its Directors or Controlling Shareholders having any interest, direct or indirect, in the proposed renewal of the IPT Mandate.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. ANNUAL GENERAL MEETING

The 2018 AGM, notice of which is set out on pages 115 to 119 of the annual report, will be held on 31 October 2018 at 390 Havelock Road, #04-06, King's Centre, Singapore 169662 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions 7 and 8 set out in the Notice of AGM.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The Memorandum and Articles of Association of the Company are available for inspection at the registered office of the Company's Singapore Share Registrar and Share Transfer Agent at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Appendix up to and including the date of the 2018 AGM.

Yours faithfully,

CAPITAL WORLD LIMITED

For and on behalf of the Board of Directors
Siow Chien Fu
Executive Director and Chief Executive Officer