

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

This Appendix is circulated to the Shareholders of Swissco Holdings Limited (the “**Company**”) together with the Company’s Annual Report 2015 (as defined herein). Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to: (1) the proposed renewal of the Share Buy Back Mandate (as defined herein); (2) the proposed grant of Awards (as defined herein) under the Performance Share Plan to Mr. Tan Fuh Gih; (3) the proposed participation of Mr. Tan Wei Min, an Associate (as defined herein) of a Controlling Shareholder, Mr. Tan Fuh Gih and an Executive Officer of a subsidiary of the Company, in the Performance Share Plan; and (4) the proposed grant of Awards under the Performance Share Plan to Mr. Tan Wei Min, and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **29 April 2016 at 10.00 a.m. at Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887.**

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2015.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2015 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The SGX-ST assumes no responsibility for the contents of this document including the accuracy or correctness of any of the statements or opinions made or reports contained in this document.



SWISSCO

**SWISSCO HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404711D)

**APPENDIX**

**TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 14 APRIL 2016**

**IN RELATION TO**

- 1. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE;**
- 2. THE PROPOSED GRANT OF AWARDS UNDER THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN TO MR. TAN FUH GIH, A CONTROLLING SHAREHOLDER AND EXECUTIVE DIRECTOR OF THE COMPANY;**
- 3. THE PROPOSED PARTICIPATION OF MR. TAN WEI MIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, MR. TAN FUH GIH, AND AN EXECUTIVE OFFICER OF A SUBSIDIARY OF THE COMPANY, IN THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN; AND**
- 4. THE PROPOSED GRANT OF AWARDS UNDER THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN TO MR. TAN WEI MIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, MR. TAN FUH GIH, AND AN EXECUTIVE OFFICER OF A SUBSIDIARY OF THE COMPANY.**

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## DEFINITIONS

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

- “2010 Circular”** : The Company’s circular to Shareholders dated 15 October 2010.
- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore.
- “AGM”** : Annual General Meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting of the Company to be held on 29 April 2016.
- “Annual Report 2015”** : The Company’s annual report for the financial year ended 31 December 2015.
- “Appendix”** : This appendix to the Notice.
- “Approval Date”** : Has the meaning ascribed to it in Section 2.3.(a) of this Appendix.
- “Associate”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more,
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “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.
- “Average Closing Price”** : Has the meaning ascribed to it in Section 2.3.(d) of this Appendix.
- “Award” or “Awards”** : A contingent award of Shares granted pursuant to the rules of the Swissco Holdings performance share plan as may be altered or modified from time to time.
- “Board”** : The board of Directors of the Company.
- “CDP”** : The Central Depository (Pte) Limited.
- “Company”** : Swissco Holdings Limited (Company Registration No. 200404711D).
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
- “Committee”** : A Committee comprising Directors and such other persons (if any) as may be duly authorised and appointed by the Board to administer the Plan.

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## DEFINITIONS

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<b>“Constitution”</b>	:	The memorandum of association and articles of association of the Company.
<b>“Controlling Shareholder”</b>	:	A person who:-  (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or  (b) in fact exercises control over a company.
<b>“day of the making of the offer”</b>	:	Has the meaning ascribed to it in Section 2.3.(d) of this Appendix.
<b>“Directors”</b>	:	The directors of the Company as at the date of this Appendix.
<b>“Drilling Division”</b>	:	The Drilling Division of the Company.
<b>“EPS”</b>	:	Earnings per Share.
<b>“FY”</b>	:	Financial year ended 31 December.
<b>“Group”</b>	:	The Company and its subsidiaries.
<b>“Latest Practicable Date”</b>	:	31 March 2016, being the latest practicable date prior to the printing of this Appendix.
<b>“Listing Manual” or “Listing Rules”</b>	:	The rules of the listing manual of the SGX-ST applicable to an entity listed on the SGX-Mainboard, as amended or modified from time to time.
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities.
<b>“Market Purchase”</b>	:	Has the meaning ascribed to it in Section 2.3.(c) of this Appendix.
<b>“Maximum Price”</b>	:	Has the meaning ascribed to it in Section 2.3.(d) of this Appendix.
<b>“Notice”</b>	:	The Notice of Annual General Meeting dated 14 April 2016.
<b>“NTA”</b>	:	Net tangible assets.
<b>“Off-Market Purchase”</b>	:	Has the meaning ascribed to it in Section 2.3.(c) of this Appendix.
<b>“Performance Share Plan” or “Plan”</b>	:	The Swissco Holdings Performance Share Plan, as adopted at the extraordinary general meeting of the Company held on 1 November 2010 and as amended at the AGM held on 29 April 2015, as the same be modified or altered from time to time.
<b>“Performance Target”</b>	:	The performance target prescribed by the Committee to be fulfilled by a participant for any particular period under the Plan.
<b>“Relevant Period”</b>	:	The period commencing from the date on which the AGM is held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the renewal of the Share Buy Back Mandate is passed.
<b>“Renewal”</b>	:	Refers to this proposed renewal of the Share Buy Back Mandate.

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## DEFINITIONS

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<b>“Rules”</b>	:	The rules of the Plan, as the same may be amended from time to time.
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent.
<b>“SGX-Mainboard”</b>	:	The Mainboard of the SGX-ST.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“Share Buy Back”</b>	:	Buy back of Shares by the Company pursuant to the Share Buy Back Mandate.
<b>“Share Buy Back Mandate”</b>	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Listing Manual.
<b>“Shareholders”</b>	:	Registered holders of Shares in the issued share capital of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts maintained are credited with Shares.
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company.
<b>“Substantial Shareholder”</b>	:	A Shareholder who has an interest in not less than 5% of the issued shares of a company.
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time.
<b>“S\$” and “cents”</b>	:	Singapore Dollars and cents, respectively, being the lawful currency of Singapore.
<b>“US\$” and “US cents”</b>	:	US dollars and cents, respectively, being the lawful currency of the United States of America.
<b>“%”</b>	:	Per centum or percentage.

The terms **“Depositors”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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

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

The exchange rate of US\$1 : S\$1.3493 has been used in this Appendix.

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## LETTER TO SHAREHOLDERS

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### SWISSCO HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404711D)

**Board of Directors:**

Mr. Lim How Teck (Lead Independent Director and Chairman)  
Mr. Tan Fuh Gih (Executive Director)  
Mr. Tang Kheng Guan Kelvin (Executive Director)  
Mr. Lim Ban Hoe (Executive Director)  
Mr. Yeo Choon Hsien Leslie (Independent Director)  
Mdm. Ho Geok Choo Madeleine (Independent Director)

**Registered Office:**

21 Tuas Road  
Singapore 638489

14 April 2016

**To: The Shareholders of the Company**

Dear Sir / Madam

1. **THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE;**
2. **THE PROPOSED GRANT OF AWARDS UNDER THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN TO MR. TAN FUH GIH, A CONTROLLING SHAREHOLDER AND EXECUTIVE DIRECTOR OF THE COMPANY;**
3. **THE PROPOSED PARTICIPATION OF MR. TAN WEI MIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, MR. TAN FUH GIH, AND AN EXECUTIVE OFFICER OF A SUBSIDIARY OF THE COMPANY, IN THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN; AND**
4. **THE PROPOSED GRANT OF AWARDS UNDER THE SWISSCO HOLDINGS PERFORMANCE SHARE PLAN TO MR. TAN WEI MIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, MR. TAN FUH GIH, AND AN EXECUTIVE OFFICER OF A SUBSIDIARY OF THE COMPANY.**

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#### 1. INTRODUCTION

##### 1.1. Annual General Meeting

Reference is made to the Notice of Annual General Meeting of Swissco Holdings Limited (the "**Company**") dated 14 April 2016, accompanying the Annual Report 2015, convening the AGM which is scheduled to be held on 29 April 2016 and the Ordinary Resolutions 9, 10, 11 and 12 in relation to the renewal of the Share Buy Back Mandate; the proposed grant of Awards to Mr. Tan Fuh Gih, a Controlling Shareholder and an Executive Director of the Company; the proposed participation of Mr. Tan Wei Min, an Associate of a Controlling Shareholder, Mr. Tan Fuh Gih, and an Executive Officer of a subsidiary of the Company in the Swissco Holdings Performance Share Plan; and the proposed grant of Awards to Mr. Tan Wei Min pursuant to the Plan, under the heading "Special Business" set out in the Notice.

##### 1.2. Purpose of this Appendix

The purpose of this Appendix is to provide the Shareholders with information relating to, and to seek Shareholders' approval at the AGM for the aforementioned proposals.

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

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## LETTER TO SHAREHOLDERS

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### 2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

#### 2.1. Rationale for the proposed renewal of the Share Buy Back Mandate

The Directors and management are constantly seeking to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company. The renewal of the Share Buy Back Mandate (the "**Renewal**") would give the Company the flexibility to undertake buy backs of the Shares at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force. A Share Buy Back at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced. Further, amongst others, a Share Buy Back provides 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. The Directors also expect that Share Buy Backs may also help mitigate against short term volatility of share price, offset the effects of short term speculation and bolster Shareholders' confidence. Share Buy Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

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

For the foregoing reasons, the Directors seek to renew the Share Buy Back Mandate, which was adopted by Shareholders at the AGM held on 29 April 2015.

#### 2.2. Mandate

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

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Buy Back Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the renewed Share Buy Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law or by the Constitution to be held, unless prior thereto, Share Buy Backs are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting.

#### 2.3. The terms of the Share Buy Back Mandate

The authority for and limitations placed on purchases of Shares by the Company under the Share Buy Back Mandate, are summarized below:

##### (a) Maximum number of Shares

Only Shares that are issued and fully paid may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the proposed renewal of the Share Buy Back Mandate is limited to that number of Shares representing not more than 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at the date of the forthcoming AGM at which the proposed renewal of Share Buy Back Mandate is to be approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with

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## LETTER TO SHAREHOLDERS

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the applicable provisions of the Companies Act), at any time during the Relevant Period in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time).

**For illustrative purposes only**, based on the issued share capital of the Company which comprises 672,448,704 Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, the Company may purchase not more than 67,244,870 Shares (representing 10% of the issued share capital of the Company as at that date) pursuant to the proposed renewal of the Share Buy Back Mandate.

**(b) Duration of authority**

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

- (i) the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting of the Company is required by law to be held;
- (ii) the date on which the share buy backs are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the proposed renewal of Share Buy Back Mandate is varied or revoked by the Company in a general meeting.

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

**(c) Manner of purchase of Shares**

Purchases of Shares may be made by way of:

- (i) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market 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 stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as may be determined or formulated by the Directors as they may consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules.

The Directors may impose such terms and conditions, which are consistent with the proposed renewal of the Share Buy Back Mandate, the Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

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

- (i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and



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## LETTER TO SHAREHOLDERS

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- (iii) the terms of all the offers are the same, except that there shall be disregarded:
  - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buy Back;
- (iv) the consequences, if any, of Share Buy Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Buy Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Buy Backs made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased will be cancelled or kept as treasury shares.

**(d) Maximum purchase price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to the purchases or acquisitions of the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined herein),

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

For the above purposes:

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

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## LETTER TO SHAREHOLDERS

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“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; 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 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.

### 2.4. Status of purchased Shares under the Share Buy Back Mandate

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

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically 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 or acquisition.

The Company may decide to cancel Shares which have been purchased by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so.

### 2.5. Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are as follows:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of the treasury shares. However, the allotment of treasury shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:

- (i) sell the treasury shares (or any of them) for cash;
- (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees’ share scheme;

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## LETTER TO SHAREHOLDERS

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- (iii) 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;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In accordance with Rule 704(28) of the Listing Rules, the Company shall make periodic announcements containing the following information in the event of any sale, transfer, cancellation and/or use of treasury shares:

- (i) the date of the sale, transfer, cancellation and/or use;
- (ii) the purpose of such sale, transfer, cancellation and/or use;
- (iii) the number of treasury shares sold, transferred, cancelled and/or used;
- (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) the percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

### **2.6. Source of Funds for Share Buy Back**

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in its Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire 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.

Under the Companies Act, the Company is permitted to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act). It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if:

- (a) the Company is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of its Shares, as well as during the period of 12 months after the purchase; and
- (b) the value of the Company's assets, at the time of the purchase and after such purchase, is not less than the value of its liabilities (including contingent liabilities) having regard to the most recent financial statements of the Company and all other circumstances that the Directors or managers of the Company know or ought to know affect or may affect such values.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the proposed renewal of the Share Buy Back Mandate. In purchasing or acquiring Shares pursuant to the proposed renewal of the Share Buy Back Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the proposed renewal of the Share Buy Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial condition of the Company or the Group.

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## LETTER TO SHAREHOLDERS

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### 2.7. Financial effects of the Share Buy Back Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the proposed renewal of the Share Buy Back Mandate on the NTA and EPS of the Group and the Company as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

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

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the proposed Share Buy Back Mandate to such an extent it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the group and the prevailing market conditions.

**For illustrative purposes only**, the financial effects of the proposed renewal of the Share Buy Back Mandate on the Group and the Company, based on the audited financial accounts of the Group and the Company for FY2015 are based on the following assumptions set out below:

- (a) based on the issued share capital of the Company which comprises 672,448,704 Shares as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the AGM, the Company may purchase not more than 67,244,870 Shares (representing 10% of the issued share capital of the Company as at that date) pursuant to the proposed renewal of the Share Buy Back Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 67,244,870 Shares at the Maximum Price of US\$0.148 (approximately S\$0.20) for one (1) Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 67,244,870 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$9,952,241; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 67,244,870 Shares at the Maximum Price of US\$0.169 (approximately S\$0.23) for one (1) Share (being the price equivalent to 120% of the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 67,244,870 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$11,364,383.

## LETTER TO SHAREHOLDERS

**For illustrative purposes only**, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that: (i) the purchase or acquisition of Shares is financed by internal sources of funds and/or external borrowings; (ii) the proposed renewal of the Share Buy Back Mandate had been effective on 1 January 2015; and (iii) the Company had purchased or acquired 67,244,870 Shares (representing 10% of its issued ordinary share capital as at the Latest Practicable Date), the financial effects of the purchase or acquisition of 67,244,870 Shares by the Company pursuant to the proposed renewal of the Share Buy Back Mandate:

- (1) by way of Market Purchases made entirely out of capital and held as treasury shares;
- (2) by way of Off-Market Purchases made entirely out of capital and held as treasury shares;
- (3) by way of Market Purchases made entirely out of capital and cancelled; and
- (4) by way of Off-Market Purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2015 pursuant to the proposed renewal of the Share Buy Back Mandate are as follows:

### (1) Market Purchases made entirely out of capital and held as treasury shares

	Group		Company	
	Before Share Purchase US\$'000	After Share Purchase US\$'000	Before Share Purchase US\$'000	After Share Purchase US\$'000
<b>As at 31 December 2015</b>				
Share capital	188,518	188,518	371,222	371,222
Treasury shares	–	(9,952)	–	(9,952)
Other reserves	476	476	259	259
Retained earnings	49,958	49,958	48,202	48,202
Redeemable exchangeable preference shares	36,750	36,750	–	–
<b>Total equity</b>	<b>275,702</b>	<b>265,750</b>	<b>419,683</b>	<b>409,731</b>
NTA <sup>(1)</sup>	275,484	265,532	419,683	409,731
Current assets	66,163	66,163	59,791	59,791
Current liabilities <sup>(2)</sup>	98,560	108,512	5,430	15,382
Cash and cash equivalents	37,555	37,555	11,461	11,461
Bank borrowings <sup>(2)</sup>	232,839	242,791	75,491	85,443
Profit, net of tax	31,169	31,169	45,886	45,886
Number of issued shares ('000) (net of treasury shares)	672,449	605,204	672,449	605,204
Weighted average number of shares ('000)	672,103	604,858	672,103	604,858
<b>Financial ratios</b>				
Current ratio (times) <sup>(3)</sup>	0.67	0.61	11.01	3.89
Net tangible assets/Shares (US cents)	40.97	43.87	62.41	67.70
Basic earnings per Share (US cents)	4.638	5.153	6.827	7.586
Gearing (%) <sup>(4)</sup>	0.71	0.77	0.15	0.18

## LETTER TO SHAREHOLDERS

### Assumptions:

Based on the total number of Shares as at Latest Practicable Date	672,448,704
Less: existing treasury shares	–
Issued share capital of the Company (excluding treasury shares) (US\$)	371,222,000
Total number of Shares Company can purchase up to 10%	67,244,870
Total number of Shares Company can purchase and hold as treasury shares	67,244,870
Average closing share price (US\$)	0.141
Purchase per Share (being 105% of the average closing price of the Shares traded on the SGX-ST over the last five (5) consecutive Market days) (US\$)	0.148
Aggregate purchase price (US\$)	9,952,241

### Notes:

- (1) NTA equals total equity less intangibles.
- (2) Assuming the source of funds comes from bank borrowings.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Gearing equals total bank borrowings less cash and cash equivalents divided by total equity.

## (2) Off-Market Purchases made entirely out of capital and held as treasury shares

	Group		Company	
	Before Share Purchase US\$'000	After Share Purchase US\$'000	Before Share Purchase US\$'000	After Share Purchase US\$'000
<b>As at 31 December 2015</b>				
Share Capital	188,518	188,518	371,222	371,222
Treasury shares	–	(11,364)	–	(11,364)
Other reserves	476	476	259	259
Retained earnings	49,958	49,958	48,202	48,202
Redeemable exchangeable preference shares	36,750	36,750	–	–
Total equity	275,702	264,338	419,683	408,319
NTA <sup>(1)</sup>	275,484	264,120	419,683	408,319
Current assets	66,163	66,163	59,791	59,791
Current liabilities <sup>(2)</sup>	98,560	109,924	5,430	16,794
Cash and cash equivalents	37,555	37,555	11,461	11,461
Bank borrowings <sup>(2)</sup>	232,839	244,203	75,491	86,855
Profit, net of tax	31,169	31,169	45,886	45,886
Number of issued shares ('000) (net of treasury shares)	672,449	605,204	672,449	605,204
Weighted average number of shares ('000)	672,103	604,858	672,103	604,858
<b>Financial ratios</b>				
Current ratio (times) <sup>(3)</sup>	0.67	0.60	11.01	3.56
Net tangible assets/Shares (US cents)	40.97	43.64	62.41	67.47
Basic earnings per Share (US cents)	4.638	5.153	6.827	7.586
Gearing (%) <sup>(4)</sup>	0.71	0.78	0.15	0.18

## LETTER TO SHAREHOLDERS

### Assumptions:

Based on the total number of Shares as at Latest Practicable Date	672,448,704
Less: existing treasury shares	–
Issued share capital of the Company (excluding treasury shares) (US\$)	371,222,000
Total number of Shares Company can purchase up to 10%	67,244,870
Total number of Shares Company can purchase and hold as treasury shares	67,244,870
Highest last dealt Share price (US\$)	0.141
Purchase per Share (being 120% of the highest last dealt price of the Shares traded on the SGX-ST) (US\$)	0.169
Aggregate purchase price (US\$)	11,364,383

### Notes:

- (1) NTA equals total equity less intangibles.
- (2) Assuming the source of funds comes from bank borrowings.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Gearing equals total bank borrowings less cash and cash equivalents divided by total equity.

### (3) Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before Share Purchase US\$'000	After Share Purchase US\$'000	Before Share Purchase US\$'000	After Share Purchase US\$'000
<b>As at 31 December 2015</b>				
Share capital	188,518	178,566	371,222	361,270
Other reserves	476	476	259	259
Retained earnings	49,958	49,958	48,202	48,202
Redeemable exchangeable preference shares	36,750	36,750	–	–
Total equity	275,702	265,750	419,683	409,731
NTA <sup>(1)</sup>	275,484	265,532	419,683	409,731
Current assets	66,163	66,163	59,791	59,791
Current liabilities <sup>(2)</sup>	98,560	108,512	5,430	15,382
Cash and cash equivalents	37,555	37,555	11,461	11,461
Bank borrowings <sup>(2)</sup>	232,839	242,791	75,491	85,443
Profit, net of tax	31,169	31,169	45,886	45,886
Number of issued shares ('000) (net of treasury shares)	672,449	605,204	672,449	605,204
Weighted average number of shares ('000)	672,103	604,858	672,103	604,858
<b>Financial ratios</b>				
Current ratio (times) <sup>(3)</sup>	0.67	0.61	11.01	3.89
Net tangible assets/Shares (US cents)	40.97	43.87	62.41	67.70
Basic earnings per Share (US cents)	4.638	5.153	6.827	7.586
Gearing (%) <sup>(4)</sup>	0.71	0.77	0.15	0.18

## LETTER TO SHAREHOLDERS

### Assumptions:

Based on the total number of Shares as at Latest Practicable Date	672,448,704
Number of shares purchase at 10%	67,244,870
Average closing share price (US\$)	0.141
Purchase per Share (being 105% of the average closing price of the Shares traded on the SGX-ST over the last five (5) consecutive Market days) (US\$)	0.148
Aggregate purchase price (US\$)	9,952,241

### Notes:

- (1) NTA equals total equity less intangibles.
- (2) Assuming the source of funds comes from bank borrowings.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Gearing equals total bank borrowings less cash and cash equivalent divided by total equity.

### (4) Off-Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before Share Purchase US\$'000	After Share Purchase US\$'000	Before Share Purchase US\$'000	After Share Purchase US\$'000
<b>As at 31 December 2015</b>				
Share capital	188,518	177,154	371,222	359,858
Other reserves	476	476	259	259
Retained earnings	49,958	49,958	48,202	48,202
Redeemable exchangeable preference shares	36,750	36,750	–	–
Total equity	275,702	264,338	419,683	408,319
NTA <sup>(1)</sup>	275,484	264,120	419,683	408,319
Current assets	66,163	66,163	59,791	59,791
Current liabilities <sup>(2)</sup>	98,560	109,924	5,430	16,794
Cash and cash equivalents	37,555	37,555	11,461	11,461
Bank borrowings <sup>(2)</sup>	232,839	244,203	75,491	86,855
Profit, net of tax	31,169	31,169	45,886	45,886
Number of issued shares ('000) (net of treasury shares)	672,449	605,204	672,449	605,204
Weighted average number of shares ('000)	672,103	604,858	672,103	604,858
<b>Financial ratios</b>				
Current ratio (times) <sup>(3)</sup>	0.67	0.60	11.01	3.56
Net tangible assets/Shares (US cents)	40.97	43.64	62.41	67.47
Basic earnings per Share (US cents)	4.638	5.153	6.827	7.586
Gearing (%) <sup>(4)</sup>	0.71	0.78	0.15	0.18



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## LETTER TO SHAREHOLDERS

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**Assumptions:**

Based on the total number of Shares as at Latest Practicable Date	672,448,704
Number of shares purchase at 10%	67,244,870
Highest last dealt Share price (US\$)	0.141
Purchase per Share (being 120% of the highest last dealt price of the Shares traded on the SGX-ST (US\$)	0.169
Aggregate purchase price (US\$)	11,364,383

**Notes:**

- (1) NTA equals total equity less intangibles.
- (2) Assuming the source of funds comes from bank borrowings.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Gearing equals total bank borrowings less cash and cash equivalent divided by total equity.

**Shareholders should note that the financial effects set out above are purely for illustrative purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above financial analysis is based on the Group's and the Company's historical numbers for FY2015, and is not necessarily representative of the future financial performance of the Group and the Company. The Company will take into account both financial and non-financial factors (for example, equity market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution. Although the proposed renewal of the Share Buy Back Mandate would authorise the Company to purchase or acquire up to 10% of the total number of its issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

### 2.8. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

### 2.9. Listing Rules

The Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase 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. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, prices paid for the total number of shares purchased, the purchase price per share, the highest and lowest prices per share for the shares purchased to date and the number of issued shares after purchase, in the form prescribed under the Listing Rules.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), 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 of Shares pursuant to the proposed renewal of the Share Buy Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three-quarters of its financial year and one (1) month immediately preceding the announcement of the Company's financial statements for its annual (full-year) results respectively.

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### 2.10. Listing Status

The Company is required under Rule 723 of the Listing Rules to ensure that at least 10% of its Shares are in the hands of the public. The “public”, as defined in the Listing Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there are 269,176,583 Shares in the hands of the public (as defined above), representing approximately 40.03% of the issued share capital of the Company. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 33.37%. Accordingly, the Company is of the view that there is a sufficient number of 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 proposed renewal of the Share Buy Back Mandate without adversely 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 adversely affect orderly trading.

In undertaking any purchase of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the purchases or acquisitions of the Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 2.11. Take-over Obligations

#### Obligation to make a Take-over Offer

Under 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; 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 1% in any six-month period.

If, as a result of any purchase or acquisition by the Company of its 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 Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

#### Persons Acting in Concert

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

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, any company whose associated companies include any of the aforesaid companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons 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;

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## LETTER TO SHAREHOLDERS

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- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser (including a stockbroker), with its clients 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 shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of them) which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, with his close relatives, his related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by any of the aforesaid persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons 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.

### Effect of Rule 14 and Appendix 2 of the Take-over Code

Under Appendix 2 of the Take-over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties, being in aggregate less than 30% before such purchase or acquisition, would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

A Shareholder not acting in concert with the Directors will not 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 Shareholder in the Company would increase to 30% or more, or if the voting rights of such Shareholder fall between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Buy Back Mandate.

Based on the information in the Company's register of Directors' interests in Shares and register of Substantial Shareholders' interest in Shares as at the Latest Practicable Date, none of the Directors or Substantial Shareholders are obliged to make a take-over offer for the Shares under Rule 14 and Appendix 2 to the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the proposed renewal of the Share Buy Back Mandate.

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The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed renewal of the Share Buy Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 5 of this Appendix.

### 2.12. No Share Buy Backs in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

### 2.13. Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases, including the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, and whether the Shares are purchased out of the profits or the capital of the Company.

## 3. THE PROPOSED GRANT OF AWARDS UNDER THE PLAN TO MR. TAN FUH GIH, A CONTROLLING SHAREHOLDER AND EXECUTIVE DIRECTOR OF THE COMPANY

### 3.1. Proposed Grant of Award under the Plan to Mr. Tan Fuh Gih

The participation of Mr. Tan Fuh Gih was approved at the AGM of the Company held on 29 April 2015.

Mr. Tan Fuh Gih has been a Board member since 2010 and he is presently an Executive Director of the Company. In addition, he is also a member of the Nominating Committee. Previously, he was a Non-Executive Director of the Company in 2011 and acted as an advisor to the Group from June 2009 to April 2011.

Mr. Tan Fuh Gih is also a controlling shareholder of the Company. Please refer to Section 5 below for more details on his shareholdings.

The Company recognises that Mr. Tan Fuh Gih will continue to play an integral role in driving the strategic development and success of the Group and therefore proposes to grant an Award under the Plan to Mr. Tan Fuh Gih in accordance with the Rules, and *inter alia*, on the following key terms:

Proposed date of grant of Award : At any time within six (6) months from the date of the AGM

Number of Shares comprised in the Award : 656,100

The Board, save for Mr. Tan Fuh Gih, when deciding on the Award proposed to be granted to Mr. Tan Fuh Gih took into account his designation, experience, scope of responsibility and his overall past and potential contributions to the growth and development of the Group, as well as the prevailing remuneration package of Mr. Tan Fuh Gih. The Board is of the view that Mr. Tan Fuh Gih's remuneration package (including the Award proposed to be granted) is fair given his contribution to the Group. In particular, 476,100 Shares of the total Award proposed to be granted to Mr. Tan Fuh Gih constitutes a portion of his bonus for FY2015. The Shares comprised in the Award to be granted to Mr. Tan Fuh Gih shall be granted free-of-charge.

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## LETTER TO SHAREHOLDERS

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The Board, save for Mr. Tan Fuh Gih, is of the view that the grant of the proposed Award to Mr. Tan Fuh Gih is beneficial to the Group as the Award will encourage him to take a long-term view of the Group and further align his interests with the Group's collective performance.

The Award on the terms as set out above is consistent with the purposes of the Plan.

### 3.2. Limits

Under the Listing Rules and the Rules, the aggregate number of Shares available under the Performance Share Plan and such other share-based incentive schemes (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the day immediately preceding the date on which the Award shall be granted.

The aggregate number of Shares available to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the above schemes and the number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the above schemes.

As at the Latest Practicable Date, the total number of issued Shares is 672,448,704 Shares. The total number of Shares available under the Plan would be 100,867,305 Shares, representing 15% of the total number of issued Shares. Accordingly, the total number of Shares available to the Controlling Shareholders or their Associates under the Plan is up to 25,216,826 Shares, being 25% of the total number of Shares available under the Plan and the total number of Shares available to each Controlling Shareholder or his Associate is up to 10,086,730 Shares, being 10% of the total number of Shares available under the Plan.

**For illustrative purposes only**, on the assumption that: (i) there is no increase in the number of issued Shares; (ii) the Company does not buy back or otherwise acquire any of its Shares; and (iii) the proposed grant of the Award to Mr. Tan Fuh Gih is fully granted, the aggregate number of new Shares available to Mr. Tan Fuh Gih would be 656,100 Shares, representing approximately 0.65% of the number of Shares available under the Plan as at the Latest Practicable Date. As at the Latest Practicable Date, the total grant of Awards to Mr. Tan Fuh Gih is 200,000 Shares, representing approximately 0.19% of the number of Shares available under the Plan as at the Latest Practicable Date. Accordingly, if the resolution pertaining to the proposed grant of Awards to Mr. Tan Fuh Gih is passed, the total grant of Awards to Mr. Tan Fuh Gih would be 856,100 Shares, representing approximately 0.85% of the number of Shares available under the Plan as at the Latest Practicable Date and thus, the grant of the Award to Mr. Tan Fuh Gih would be within the limits prescribed under the Listing Rules and the Rules.

## 4. THE PROPOSED PARTICIPATION OF MR. TAN WEI MIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, MR. TAN FUH GIH, AND AN EXECUTIVE OFFICER OF A SUBSIDIARY OF THE COMPANY, IN THE PERFORMANCE SHARE PLAN, AND THE PROPOSED GRANT OF AWARDS UNDER THE PLAN TO MR. TAN WEI MIN

### 4.1. Rationale and Justification for Participation

One of the key objectives of the Performance Share Plan is to motivate key executives to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. As such, key executives, including the Controlling Shareholders and their Associates, should be treated equally as they are important to the development and success of the Group. Therefore, regardless of whether they are Controlling Shareholders or Associates, the Company's view is that all deserving and eligible participants should be equally entitled to take part in and benefit from the Company's fair and equitable system of remuneration.

In terms of the basis for determining the quantum of grant to each Controlling Shareholder and/or Associate, factors which will be taken into account include the designation, capability, experience, scope of responsibility and years of service of the Participant as well as his overall past and potential contributions to the growth and development of the Group.

Please refer to Section 6.1, "Rationale and Justification for Participation" of the 2010 Circular for further details relating to the rationale and justification for the participation of Controlling Shareholders and their Associates.

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### 4.2. Safeguards

As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of the Awards to be granted to or held by Controlling Shareholders and their Associates and the terms and conditions, including the Performance Targets and vesting periods attached to the Awards. Examples of Performance Target to be set for Controlling Shareholders and their Associates include targets based on criteria such as the Group's profitability, returns on Shareholders' funds, expansion of the Group's business, management skills and succession planning.

In view of the above, the Company believes that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the Plan.

### 4.3. Proposed Participation of and Grant of Award under the Plan to Mr. Tan Wei Min

Mr Tan Wei Min is an executive officer of a subsidiary of the Company, was appointed as the Head of Marketing (Drilling Division) on 6 March 2015, and he presently oversees the marketing activities of the Drilling Division of the Group. Prior to joining the Company, Mr Tan Wei Min was with Kim Seng Group since 1994 where he was the Alternate Director to Mr Tan Fuh Gih. He was also the President for Valves & Project Division of KS Energy Group, previously a subsidiary of Kim Seng Group. Between 1999 to 2008, he was the Executive Director of KS Energy Group.

Mr. Tan Wei Min is the brother of the controlling shareholder of the Company, Mr. Tan Fuh Gih.

In light of Mr Tan Wei Min's vast array of work experience and track record, the Company recognises that he will play an important and strategic role in the marketing and development of the Drilling Division of the Group. Consequently, the Company therefore proposes to allow Mr. Tan Wei Min to participate in the Plan so as to incentivise him and further align his interests with the Group's collective performance, thus enhancing Shareholder value. Participation in the Plan would enable the Group to acknowledge Mr. Tan Wei Min's valuable contribution and give recognition to his services.

The Company proposes to grant an Award under the Plan to Mr. Tan Wei Min in accordance with the Rules, and *inter alia*, on the following key terms:

Proposed date of grant of Award	:	At any time within six (6) months from the date of the AGM
Number of Shares comprised in the Award	:	112,000

The Board, save for Mr. Tan Fuh Gih, when deciding on the Award proposed to be granted to Mr. Tan Wei Min took into account his designation, experience, scope of responsibility and his overall past and potential contributions to the growth and development of the Group, as well as the prevailing remuneration package of Mr. Tan Wei Min. The Board is of the view that Mr. Tan Wei Min's remuneration package (including the Award proposed to be granted) is fair given his contribution to the Group. In particular, 52,300 Shares of the total Award proposed to be granted to Mr. Tan Wei Min constitutes a portion of his bonus for FY2015. The Shares comprised in the Award to be granted to Mr. Tan Wei Min shall be granted free-of-charge.

The Board, save for Mr. Tan Fuh Gih, is of the view that the grant of the proposed Award to Mr. Tan Wei Min is beneficial to the Group as the Award will incentivise him to further market and develop the Drilling Division of the Company.

The Award on the terms as set out above is consistent with the purposes of the Plan.

## LETTER TO SHAREHOLDERS

### 4.4. Limits

Under the Listing Rules and the Rules, the aggregate number of Shares available under the Performance Share Plan and such other share-based incentive schemes (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the day immediately preceding the date on which the Award shall be granted.

The aggregate number of Shares available to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the above schemes and the number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the above schemes.

As at the Latest Practicable Date, the total number of issued Shares is 672,448,704 Shares. The total number of Shares available under the Plan would be 100,867,305 Shares, representing 15% of the total number of issued Shares. Accordingly, the total number of Shares available to the Controlling Shareholders or their Associates under the Plan is up to 25,216,826 Shares, being 25% of the total number of Shares available under the Plan and the total number of Shares available to each Controlling Shareholder or his Associate is up to 10,086,730 Shares, being 10% of the total number of Shares available under the Plan.

**For illustrative purposes only**, on the assumption that: (i) there is no increase in the number of issued Shares; (ii) the Company does not buy back or otherwise acquire any of its Shares; and (iii) the proposed grant of the Award to Mr. Tan Wei Min is fully granted, the aggregate number of new Shares available to Mr. Tan Wei Min would be 112,000 Shares, representing approximately 0.11% of the number of Shares available under the Plan as at the Latest Practicable Date. Accordingly, if the resolution pertaining to the proposed grant of Award to Mr. Tan Wei Min is passed, the total grant of Awards to Mr. Tan Wei Min would be 112,000 Shares, representing approximately 0.11% of the number of Shares available under the Plan as at the Latest Practicable Date and thus, the grant of the Award to Mr. Tan Wei Min would be within the limits prescribed under the Listing Rules and the Rules.

### 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of Director's shareholdings and the register of Substantial Shareholders kept by the Company, are as follows:

	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Lim How Teck	320,000	0.05	–	–	320,000	0.05
Tan Fuh Gih <sup>3(i)</sup> and <sup>3(iii)</sup>	96,520,329	14.35	39,557,500	5.88	136,077,829	20.23
Tang Kheng Guan Kelvin	149,000	0.02	–	–	149,000	0.02
Lim Ban Hoe	–	–	–	–	–	–
Yeo Choon Hsien Leslie	77,000	0.01	–	–	77,000	0.01
Ho Geok Choo Madeleine <sup>(4)</sup>	33,000	0.005	1,150,000	0.17	1,183,000	0.18
<b>Substantial Shareholders (other than Directors)</b>						
Tan Kim Seng <sup>3(i)</sup>	–	–	39,357,500	5.85	39,357,500	5.85
Kim Seng Holdings Pte Ltd	39,357,500	5.85	–	–	39,357,500	5.85
Tan Wei Min	83,238,146	12.38	–	–	83,238,146	12.38
Tan Hoo Lang <sup>3(i)</sup> and <sup>3(iii)</sup>	–	–	135,319,329	20.12	135,319,329	20.12
Robert Chua Swee Chong	36,322,163	5.40	–	–	36,322,163	5.40

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## LETTER TO SHAREHOLDERS

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### **Notes:**

- (1) Based on 672,448,704 Shares as at the Latest Practicable Date.
- (2) Deemed interest means interest determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.
- (3)
  - (i) By virtue of Section 4 of the Securities and Futures Act, each of Tan Fuh Gih, Tan Kim Seng and Tan Hoo Lang holds more than 20% of the shares of Kim Seng Holdings Pte Ltd and they are deemed to be interested in the 39,357,500 Shares held by Kim Seng Holdings Pte Ltd.
  - (ii) Tan Fuh Gih is deemed to be interested in the 200,000 Shares held through DBS Nominees Pte. Ltd.
  - (iii) Tan Hoo Lang is deemed to be interested in the Shares held through the following nominee accounts:
    - (a) 80,000,000 Shares held through UBS AG (Citibank Nominee) Pte. Ltd.; and
    - (b) 15,961,829 Shares held through Credit Suisse (Singapore) Nominees Pte. Ltd.
- (4) Ho Geok Choo Madeleine is deemed to be interested in the 1,150,000 Shares held through the following nominee accounts:
  - (a) 1,117,000 Shares held through DB Nominees (S) Pte Ltd; and
  - (b) 33,000 Shares held through Credit Suisse (Singapore) Nominees Pte Ltd.

## **6. DIRECTORS' RECOMMENDATIONS**

### **6.1. The proposed Renewal of Share Buy Back Mandate**

The Directors, having carefully considered the terms and rationale of the proposed renewal of the Share Buy Back Mandate, are of the opinion that the Renewal is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution relating to the proposed renewal of the Share Buy Back Mandate, at the AGM.

### **6.2. The proposed grant of Awards to Mr. Tan Fuh Gih**

As all the Directors are eligible to participate in the Plan, and are therefore interested in the Plan, the Directors have abstained from making any recommendations to Shareholders on the Ordinary Resolution relating to the proposed grant of Awards to Mr. Tan Fuh Gih under the Plan.

### **6.3. The proposed participation of Mr. Tan Wei Min in the Performance Share Plan**

As all the Directors are eligible to participate in the Plan, and are therefore interested in the Plan, the Directors have abstained from making any recommendations to Shareholders on the Ordinary Resolution relating to the proposed participation of Mr. Tan Wei Min in the Plan.

### **6.4. The proposed grant of Awards to Mr. Tan Wei Min**

As all the Directors are eligible to participate in the Plan, and are therefore interested in the Plan, the Directors have abstained from making any recommendations to Shareholders on the Ordinary Resolution relating to the proposed grant of Awards to Mr. Tan Wei Min under the Plan.

## **7. ABSTENTION FROM VOTING**

Directors and employees of the Company, who are also Shareholders and are eligible to participate in the Plan must, as well as the Associate of Mr. Tan Fuh Gih and Mr. Tan Wei Min, abstain from voting at the AGM in respect of the Ordinary Resolutions relating to the proposed grant of Awards to Mr. Tan Fuh Gih pursuant to the Plan; the proposed participation of Mr. Tan Wei Min in the Plan; and the proposed grant of Awards to Mr. Tan Wei Min pursuant to the Plan, and shall not accept appointments as proxies for voting at the AGM in respect of the aforesaid ordinary resolutions 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 for each of the aforesaid ordinary resolutions.



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## LETTER TO SHAREHOLDERS

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### 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 Buy Back Mandate; the proposed grant of Awards to Mr. Tan Fuh Gih pursuant to the Plan; the proposed participation of Mr. Tan Wei Min in the Plan; and the proposed grant of Awards to Mr. Tan Wei Min pursuant to the Plan. The Company, its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 21 Tuas Road, Singapore 638489, during normal business hours from the date of this Appendix up to the date of the forthcoming AGM scheduled to be held on 29 April 2016:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2015;
- (c) a copy of the 2010 Circular;
- (d) a copy of the annual report of the Company for FY2014 and the Appendix to the Notice of AGM dated 13 April 2015; and
- (e) a copy of the rules of the Plan.

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

**Lim How Teck**  
Chairman