

APPENDIX DATED 10 September 2020

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

This Appendix is issued by Sanli Environmental Limited (the "Company", and together with its subsidiaries, the "Group"). If you are in any doubt about the contents of this Appendix or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser immediately.

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

This Appendix is circulated to the shareholders of the Company (the "**Shareholder**") together with the Company's annual report for the financial year ended 31 March 2020 ("**Annual Report**"). Its purpose is to explain to the Shareholders the rationale and provide information relating to, and to seek Shareholders' approval for, the proposed adoption of the Share Buy-Back Mandate to be tabled at the 2020 AGM of the Company to be held on 25 September 2020 at 10:00 a.m. by way of live audio-visual webcast and live audio-only stream. The Notice of AGM and the Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Ltd ("**CDP**"), you need not forward this Appendix, the Notice of AGM and the Proxy Form in the Annual Report to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company by physical share certificate(s), you should immediately forward this Appendix, the Notice of AGM and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Appendix has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



SANLI ENVIRONMENTAL LIMITED
(Company Registration No. 201705316M)
(Incorporated in the Republic of Singapore)

APPENDIX IN RELATION TO
THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout the Appendix:

- "2020 AGM"** : The AGM of the Company to be held on 25 September 2020 at 10:00 a.m. (or any adjournment thereof) by way of electronic means.
- "ACRA"** : Accounting and Corporate Regulatory Authority of Singapore.
- "Act"** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
- "AGM"** : Annual general meeting of the Company.
- "Annual Report"** : The Group's annual report for the financial year ended 31 March 2020.
- "Appendix"** : This Appendix to Shareholders dated 10 September 2020 in relation to the proposed adoption of the Share Buy-Back Mandate
- "Approval Date"** : The date of the 2020 AGM at which the approval for proposed adoption of the Share Buy-Back Mandate is sought.
- "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; and
- (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.
- "Board"** : The board of directors of the Company as at the date of this Appendix.
- "Catalist"** : The Catalist Board of the SGX-ST.
- "Catalist Rules"** : The SGX-ST Listing Manual Section B: Rule of Catalist, as may be amended, modified or supplemented from time to time.

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"CDP"	:	The Central Depository (Pte) Limited.
"Company"	:	Sanli Environmental Limited.
"Constitution"	:	The constitution of the Company, as amended or modified from time to time.
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or (b) in fact exercises control over the Company.
"Directors"	:	The directors of the Company as at the date of this Appendix.
"EPS"	:	Earnings per Share.
"FY"	:	The financial year of the Company ended or ending 31 March (as the case may be).
"Group"	:	The Company and its subsidiaries, collectively.
"Latest Practicable Date"	:	21 August 2020, being the latest practicable date prior to the issue of this Appendix.
"Market Day"	:	A day on which the SGX-ST is open for trading in securities.
"month"	:	A calendar month.
"Notice of AGM"	:	The notice of 2020 AGM dated 10 September 2020 attached to the Annual Report.
"NTA"	:	Net tangible assets.
"Off-Market Share Purchase"	:	A Share Purchase by the Company effected pursuant to an equal access scheme, which is in accordance with Section 76C of the Act, for the purchase of Shares from the Shareholders.
"On-Market Share Purchase"	:	A Share Purchase by the Company effected on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purchase.
"Proxy Form"	:	The proxy form accompanying the Notice of AGM for FY2020.
"Relevant Period"	:	The period commencing from the date on which the resolution relating to the Share Buyback Mandate is passed in a general meeting and expiring on the earliest of (a) the conclusion of the next AGM or the date by which such AGM is required by law to be held, (b) the date on which the Share Buybacks are carried out to the full

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- extent mandated, or (c) the date the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting
- "Securities Account"** : The securities account maintained by a Depositor with CDP, but does not include a securities sub-account.
- "SFA"** : The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time.
- "SGX-ST"** : Singapore Exchange Securities Trading Limited.
- "Share Buy-Back Mandate"** : The general mandate given by the Shareholders to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire, on behalf of the Company, its issued Shares in accordance with the terms of such mandate and regulations set in the Companies Act and Catalist Rules.
- "Share Purchase"** : The purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.
- "Shareholders"** : The registered holders of Shares in the register of members of the Company, except that where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited.
- "Shares"** : Ordinary shares in the capital of the Company.
- "SIC"** : Securities Industry Council of Singapore.
- "Substantial Shareholder"** : A person who has an interest in the Shares, the total votes attached to which are not less than 5% of the total votes attached to all the voting Shares of the Company.
- "Take-over Code"** : The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may be issued, amended or modified from time to time.
- "treasury shares"** : Issued Shares of the Company which were (or are treated as having been) repurchased by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since the treasury share was so purchased.
- "S\$" and "cents"** : Singapore dollars and cents respectively, unless otherwise stated.
- "%"** : Per centum or percentage.

The expressions "**acting in concert**" shall have the respective meanings ascribed to them in the Take-over Code.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in Section 81SF of the SFA.

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The term "**subsidiary**" has the meaning ascribed to it in Section 5 of the Act. The term "**subsidiary holdings**" is defined in the Catalist Rules to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act.

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

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

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

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

LETTER TO SHAREHOLDERS

SANLI ENVIRONMENTAL LIMITED

(Company Registration No. 201705316M)
(Incorporated in the Republic of Singapore)

Directors:

Mr Ng Lip Chi, Lawrence	(Non-Executive Chairman and Independent Director)
Mr Chua Teck Huat	(Chief Executive Officer)
Mr Sim Hock Heng	(Executive Director)
Mr Kew Boon Kee	(Executive Director)
Mr Lee Tien Chiat	(Executive Director)
Mr Chan Hock Leong	(Independent Director)
Ms Elaine Beh Pur-Lin	(Independent Director)

Registered Office:

28 Kian Teck Drive
Singapore 628845

10 September 2020

TO: THE SHAREHOLDERS OF SANLI ENVIRONMENTAL LIMITED

Dear Madam / Sir,

THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1. 2020 AGM

The Directors wish to refer to (i) the Notice of AGM dated 10 September 2020, accompanying the Company's Annual Report to convene the 2020 AGM; and (ii) Resolution 9 being the ordinary resolution for the proposed adoption of the Share Buy-Back Mandate to allow the Company to purchase or otherwise acquire shares in the capital of the Company. The Directors propose to seek the approval of Shareholders for the proposed adoption of the Share Buy-Back Mandate at the 2020 AGM.

1.2. Appendix

The purpose of this Appendix is to provide Shareholders with the relevant information in relation to the above, and to seek the approval of Shareholders at the 2020 AGM for the matters set out in this Appendix.

1.3. Legal Adviser

Virtus Law LLP is the legal adviser to the Company as to Singapore law in relation to the proposed adoption of the Share Buy-Back Mandate.

2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

2.1. Background

The Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if such purchase or acquisition is permitted

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under its constitution. Any purchase or acquisition of shares by the company would also have to be made in accordance with, and in the manner prescribed by, the Act, its constitution and the Catalist Rules (in particular Part XI of Chapter 8 of the Catalist Rules which relates to share buybacks) and such other laws and regulations as may for the time being be applicable. Regulation 19(1) of the Company's Constitution expressly permits the Company to carry out Share Purchases.

It is a requirement under the Act and the Catalist Rules that the Company obtain approval of Shareholders at a general meeting to purchase or acquire shares in the capital of the Company. Accordingly, the Directors propose that the Share Buy-Back Mandate be adopted at the 2020 AGM.

If approved by Shareholders at the 2020 AGM, the Share Buy-Back Mandate will authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares from the Approval Date and the authority conferred by the Share Buy-Back Mandate will continue to be in force until the conclusion of the next AGM or the date by which such an AGM is required by law to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which the Share Buy-Backs have been carried out to the full extent mandated or the date the Share Buy-Back Mandate is varied or revoked by the Shareholders at a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

Subject to its continued relevance to the Company, the Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2. Rationale for the Share Buy-Back Mandate

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

- (a) the Share Buy-Back Mandate will help to mitigate short-term price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence;
- (b) the Share Buy-Back Mandate would provide the Company with the flexibility to conduct Share Purchases during the period when the Share Buy-Back Mandate is in force. This would allow the Board to better manage the capital structure, dividend payout and cash reserves of the Group;
- (c) it is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders;
- (d) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. In addition to growth and expansion of the business, Share Purchases may be considered as one of the ways through which the return on equity of the Group may be enhanced; and
- (e) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes that may be implemented by the Company in the future or such other manner allowed under the Act.

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Shareholders should note that Share Purchases will be made only when the Board considers it to be in the best interests of the Company and the Shareholders and in circumstances which will not result in any material adverse effect on the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3. Authority and Limits on the Share Buy-Back Mandate

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

(a) **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 issued Share of the Company, ascertained as at the Approval Date, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. For the purposes of calculating the percentage of issued Shares above, any subsidiary holdings or Shares which are held as treasury shares will be disregarded. As at the Latest Practicable Date, the Company does not have any treasury shares and/or subsidiary holdings.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 268,657,813 Shares and assuming that no further Shares are issued on or prior to the 2020 AGM, not more than 18,832,912 Shares (representing approximately 7.01% of the issued and paid-up share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate during the Relevant Period, in order to maintain a public float of not less than 10% of the issued Shares. As at date of this announcement, the public float of the Company's Latest Practicable Date, is 45,684,678 Shares representing 17.01% of the issued share capital of the Company are held in the hands of the public.

While the Share Buy-Back Mandate would authorise Share Purchases up to 10% of the issued and paid-up Shares as at Approval Date, the Share Purchases may not be carried out to the full extent mandated to comply with the public float requirements in Rule 723 of the Catalist Rules or should the Share Purchases result in market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

(b) **Duration of Authority**

Share Purchases may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

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- (ii) the date on which the buy-back of the Shares are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting.

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

(c) **Manner of Share Purchase**

Share Purchases may be made by way of, amongst others:

- (i) On-Market Share Purchases, 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 stockbrokers appointed by the Company for the purpose of the Share Purchase; and/or
- (ii) Off-Market Share Purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules.

The Directors may impose such terms and conditions which are consistent with the Share Buy-Back Mandate, the Catalist Rules and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). However, an Off-Market Share Purchase must satisfy all the following conditions:

- (i) the offers for the Share Purchase 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 the offers may relate to Shares with different accrued dividend entitlements;
 - (B) differences in consideration attributable to the fact that the 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 Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

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

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses ("**Related Expense**")) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to a Share Purchase must not exceed:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Share Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding Related Expenses.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase by the Company or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases were made; 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

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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 Share Purchase.

2.4. Status of Shares Purchased by the Company

The Shares purchased or acquired by the Company may be cancelled or kept as treasury shares.

(a) Cancellation

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

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

At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

(b) Treasury Shares

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

(i) Maximum Holdings

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

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the 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 (whether in cash or otherwise) of the Company's assets (including any distribution of assets to

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members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed.

A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject to the Take-over Code:

- (A) sell the treasury shares for cash;
- (B) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (C) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (D) cancel the treasury shares; or
- (E) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Company is required under Rule 704(31) of the Catalist Rules to immediately announce any sale, transfer, cancellation and/or use of treasury shares stating the following:

- (A) date of the sale, transfer, cancellation and/or use;
- (B) purpose of such sale, transfer, cancellation and/or use;
- (C) number of treasury shares sold, transferred, cancelled and/or used;
- (D) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (E) 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
- (F) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5. Reporting Requirements

The Act and the Catalist Rules require the Company to make reports in relation to the Share Buy-Back Mandate as follows:

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- (a) within thirty (30) days after the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Directors shall lodge a copy of such resolution with ACRA;
- (b) within thirty (30) days after a purchase of Shares on the SGX-ST or otherwise, the Directors shall lodge with ACRA the notice of the purchase in the prescribed form with the following particulars:
 - (i) the date of the Share Purchase;
 - (ii) the total number of Shares purchased by the Company;
 - (iii) the total number of Shares cancelled;
 - (iv) the number of Shares held as treasury shares;
 - (v) the Company's issued share capital before and after the Shares Purchase;
 - (vi) the amount of consideration paid by the Company for the Share Purchase;
 - (vii) whether the Shares were purchased out of profits or the capital of the Company; and
 - (viii) such other particulars as may be required in the prescribed form;
- (c) within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form;
- (d) purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Listing Rules and announced to the public in the case of On-Market Share Purchases, not later than 9.00 a.m. on the Market Day following the day on which the Company purchased Shares and in the case of Off-Market Share Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company. Such announcement shall include, inter alia, the maximum number of Shares authorised for purchase or acquisition, the date of the Share Purchases, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the purchase price per Share or (in the case of On-Market Purchases) the highest price and lowest price per Share (specify currency), the total consideration paid or payable for the Shares (including Relevant Expenses), cumulative number of Shares purchased to date, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time. The announcement must be in the form of Appendix 8D prescribed by the Catalist Rules; and
- (e) in its annual report and accounts, the Company shall make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

LETTER TO SHAREHOLDERS

2.6. Source of Funds

The Company may only apply funds legally available for such Share Purchases in accordance with its Constitution, and the applicable laws in Singapore. The Act permits the Company to make Share Purchases out of the Company's capital or profits so long as the Company is solvent and any payments for the Share Purchases by the Company shall include the Relevant Expenses incurred directly in the Share Purchase. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to Section 76F(4) of the Act, the Company is solvent if the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if –
 - (i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after any proposed purchase of Shares, acquisition, variation or release of the Company's obligations (as the case may be), become less than the value of its liabilities (including contingent liabilities).

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including any Relevant Expenses, such as brokerage or commission incurred directly in the purchase or acquisition of the Shares) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to finance Share Purchases pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7. Financial Impact

(a) **General**

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the unaudited financial statements of the Company for FY2020 and are not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the issued Shares, the Company may not necessarily buy back or be able to buy back the said 10% of the issued Shares in full.

(b) **Financial Effects of the Share Buy-Back Mandate**

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions that may be made pursuant to the Share Buy-Back Mandate, as it would depend on factors such as the aggregate number of Shares purchased or acquired, the Purchase Price paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the Share Purchase is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The Purchase Price paid by the Company for the Shares will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company. 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 Company, the prevailing market conditions and the financial position of the Group. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the earnings and/or the NTA value per Share of the Company. The financial effects presented in this Section 2.7 of this Appendix are based on the assumptions set out below.

(i) **Information as at the Latest Practicable Date**

As at the Latest Practicable Date, the Company has 268,657,813 issued Shares.

(ii) **Illustrative Financial Effects**

Purely for illustrative purposes, on the basis of 268,657,813 Shares in issue as at the Latest Practicable Date, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares, the purchase by the Company of 7.01% of its issued Shares will result in the purchase of 18,832,912 Shares.

In the case of On-Market Share Purchases by the Company and assuming that the Company purchases or acquires 18,832,912 Shares at the Maximum Price of S\$0.0750 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which

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the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,832,912 Shares is S\$1,412,468.

In the case of Off-Market Share Purchases by the Company and assuming that the Company purchases or acquires 18,832,912 Shares at the Maximum Price of S\$0.0857 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,832,912 Shares is S\$1,613,981.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (A) the Share Buy-Back Mandate had been effective on 1 April 2019;
- (B) the Company had purchased or acquired 18,832,912 Shares (representing 7.01% of its total number of issued Shares as at the Latest Practicable Date);
- (C) such Share Purchases are funded solely by internal resources; and
- (D) Transaction costs incurred for the Share Buy-Backs are assumed to be insignificant and have been disregarded for the purpose of computing the financial effects

For illustrative purposes only, and based on the assumptions set out above, the financial effects of (i) Share Buy-Backs of 18,832,912 Shares by the Company made entirely out of capital and the purchased shares are held in treasury; and (ii) Share Buy-backs of 18,832,912 Shares by the Company made entirely out of capital and the purchased shares are cancelled on the audited consolidated financial statements of the Company and the Group for FY2020 are set out below:

Scenario 1 – Purchase made entirely out of Capital and held as treasury shares

Group(S\$'000)	On-Market Share Purchase		Off-Market Share Purchase	
	Before	After	Before	After
As at 31 March 2020				
Share capital	21,297	21,297	21,297	21,297
Retained earnings	11,305	11,305	11,305	11,305
Other reserves	(6,250)	(6,250)	(6,250)	(6,250)
Treasury shares	-	(1,412)	-	(1,614)
Equity attributable to owners of the Company	26,352	24,940	26,352	24,738
NAV ⁽¹⁾	26,352	24,940	26,352	24,738
Cash and cash equivalents	18,172	16,760	18,172	16,558
Current assets	39,596	38,184	39,596	37,982

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Current liabilities	21,042	21,042	21,042	21,042
Working capital	18,554	17,142	18,554	16,940
Total borrowings	-	-	-	-
Profit attributable to owners of the Company	315	315	315	315
Number of Shares	268,657,813	249,824,901	268,657,813	249,824,901

Financial ratios

NAV per Share (cents) ⁽²⁾	9.81	9.98	9.81	9.90
Current ratio (times) ⁽³⁾	1.88	1.81	1.88	1.81
Basic EPS (cents) ⁽⁴⁾	0.12	0.13	0.12	0.13

Notes:-

- (1) NAV represents total assets less total liabilities.
- (2) NAV per share is computed based on NAV divided by the number of Shares in issue.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

Scenario 2 – Purchase made entirely out of Capital and held as treasury shares

Company(S\$'000)	On-Market Share Purchase		Off-Market Share Purchase	
	Before	After	Before	After
As at 31 March 2020				
Share capital	21,297	21,297	21,297	21,297
Retained earnings	957	957	957	957
Other reserves	-	-	-	-
Treasury shares	-	(1,412)	-	(1,614)
Equity attributable to owners of the Company	22,254	20,842	22,254	20,640
NAV ⁽¹⁾	22,254	20,842	22,254	20,640
Cash and cash equivalents	38	38	38	38
Current assets	675	675	675	675
Current liabilities	176	1,588	176	1,790
Working capital	499	(913)	499	(1,115)
Total borrowings ⁽²⁾	-	1,412	-	1,614
Profit attributable to owners of the Company	1,010	1,010	1,010	1,010
Number of Shares	268,657,813	249,824,901	268,657,813	249,824,901

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Financial ratios

NAV per Share (cents) ⁽³⁾	8.28	8.34	8.28	8.26
Current ratio (times) ⁽⁴⁾	3.84	0.43	3.84	0.38
Basic EPS (cents) ⁽⁵⁾	0.38	0.40	0.38	0.40

Notes:-

- (1) NAV represents total assets less total liabilities.
- (2) The Company will procure loans from its subsidiaries of an amount sufficient to finance the Share Purchases being S\$1.412 million for Market Purchases and S\$1.614 million for Off-Market Purchases.
- (3) NAV per share is computed based on NAV divided by the number of Shares in issue.
- (4) Current ratio equals current assets divided by current liabilities.
- (5) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

Scenario 3 – Purchase made entirely out of Capital and cancelled

Group(S\$'000)	On-Market Share Purchase		Off-Market Share Purchase	
	Before	After	Before	After
As at 31 March 2020				
Share capital	21,297	19,885	21,297	19,683
Retained earnings	11,305	11,305	11,305	11,305
Other reserves	(6,250)	(6,250)	(6,250)	(6,250)
Treasury shares	-	-	-	-
Equity attributable to owners of the Company	26,352	24,940	26,352	24,738
NAV ⁽¹⁾	26,352	24,940	26,352	24,738
Cash and cash equivalents	18,172	16,760	18,172	16,558
Current assets	39,596	38,184	39,596	37,982
Current liabilities	21,042	21,042	21,042	21,042
Working capital	18,554	17,142	18,554	16,940
Total borrowings	-	-	-	-
Profit attributable to owners of the Company	315	315	315	315
Number of Shares	268,657,813	249,824,901	268,657,813	249,824,901
Financial ratios				
NAV per Share (cents) ⁽²⁾	9.81	9.98	9.81	9.90
Current ratio (times) ⁽³⁾	1.88	1.81	1.88	1.81
Basic EPS (cents) ⁽⁴⁾	0.12	0.13	0.12	0.13

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Notes:-

- (1) NAV represents total assets less total liabilities.
- (2) NAV per share is computed based on NAV divided by the number of Shares in issue.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

Scenario 4 – Purchase made entirely out of Capital and cancelled

Company(S\$'000)	On-Market Share Purchase		Off-Market Share Purchase	
	Before	After	Before	After
As at 31 March 2020				
Share capital	21,297	19,885	21,297	19,683
Retained earnings	957	957	957	957
Other reserves	-	-	-	-
Treasury shares	-	-	-	-
Equity attributable to owners of the Company	22,254	20,842	22,254	20,640
NAV ⁽¹⁾	22,254	20,842	22,254	20,640
Cash and cash equivalents	38	38	38	38
Current assets	675	675	675	675
Current liabilities	176	1,588	176	1,790
Working capital	499	(913)	499	(1,115)
Total borrowings ⁽²⁾	-	1,412	-	1,614
Profit attributable to owners of the Company	1,010	1,010	1,010	1,010
Number of Shares	268,657,813	249,824,901	268,657,813	249,824,901
Financial ratios				
NAV per Share (cents) ⁽³⁾	8.28	8.34	8.28	8.26
Current ratio (times) ⁽⁴⁾	3.84	0.43	3.84	0.38
Basic EPS (cents) ⁽⁵⁾	0.38	0.40	0.38	0.40

Notes:-

- (1) NAV represents total assets less total liabilities.
- (2) The Company will procure loans from its subsidiaries of an amount sufficient to finance the Share Purchases being S\$1.412 million for Market Purchases and S\$1.614 million for Off-Market Purchases.
- (3) NAV per share is computed based on NAV divided by the number of Shares in issue.
- (4) Current ratio equals current assets divided by current liabilities.
- (5) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

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The financial effects set out above are for illustrative purposes only. Although the Share Buy-Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued 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. The above analysis is based on historical numbers as at 31 March 2020, and is not necessarily representative of future financial performance.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of the Share Purchase before execution. The Directors do not intend to exercise the Share Buy-Back Mandate up to the maximum limit if such exercise would materially and adversely affect the financial position of the Company or the Group. The Directors will also not undertake Share Purchases if the borrowings required to finance the Share Purchases will result in a negative or adverse effect on the financial position of the Company or the Group.

2.8. Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buy-Back Mandate, or who may be subject to tax in a jurisdiction other than Singapore, should consult their own professional advisers.

2.9. Interested Persons

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

2.10. Catalist Rules

- (a) The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) is at all times held by the public. The "public" is defined under "Definitions and Interpretation" of the Catalist Rules as persons other than the directors, chief executive officer, Substantial Shareholders, or Controlling Shareholders of the Company or its subsidiary companies, as well as the Associates of such persons.

As at the Latest Practicable Date, 45,684,678 Shares representing 17.01% of the issued share capital of the Company are held in the hands of the public. For illustrative purposes only, assuming that the Company repurchased the maximum of 7.01% of its issued share capital as at the Latest Practicable Date from members of the public by way of an On-Market Share Purchase, the percentage of Shares held by the public would be approximately 10%.

Accordingly, the Company is of the view that there are a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchases up to the full 7.01% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST.

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

- (b) While the Catalist Rules do not expressly prohibit any purchase by a listed company of its shares 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 Share Purchases at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with Rule 1204(19) of the Catalist Rules, the Company will observe the best practices on dealings in securities, such that the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company's half year financial statements and full year financial statements.

In the event that the Company appoints a broker, the broker will be given a discretionary mandate to conduct the Share purchase or acquisition. In line with the best practices guide on securities dealings set out in the Catalist Rules, the broker shall not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company's half year financial statements and full year financial statements. The broker will not be advised of or receive any price sensitive information prior to the purchase or acquisition of any Shares.

2.11. Take-over Code Implications arising from Share Purchases

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

- (a) **Obligation to make a take-over offer**

Pursuant to the Take-over Code, an increase in a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Purchase by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

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

- (b) **Persons acting in concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or

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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, amongst others, will be presumed to be acting in concert, namely:

- (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 its ordinary course of business) to any of the above companies for the purchase of voting rights;
- (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;
- (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts), 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 with his close relatives, his related trusts, 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 after a Share Purchase by the Company are set out in Appendix 2.

(c) **Application of the Take-over Code**

In general terms, the effect of Rule 14 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties 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 1% in any period of six (6) months.

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Under Appendix 2, a Shareholder not acting in concert with any Directors will not be required to make a take-over offer under Rule 14 if, as a result of any Share Purchase by the Company, 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 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

Based on the shareholdings of the Directors as at the Latest Practicable Date, assuming (a) the Company purchases the maximum amount of 7.01% of the issued Shares; and (b) there is no change in the number of Shares held or deemed to be held by the Directors prior to and after the exercise of the Share Buy-Back Mandate, none of the Directors and parties acting in concert with them will become obligated to make a mandatory take-over offer under Rule 14 in the event that the Company purchases the maximum number of 18,832,912 Shares pursuant to the Share Buy-Back Mandate. The interests of the Directors are disclosed in Section 3 below.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Purchase by the Company.

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

2.12. Details of the Shares Bought by the Company in the preceding Twelve (12) Months

The Company has not made any Share Purchase in the twelve (12) months preceding the Latest Practicable Date.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in Shares, are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Mr Ng Lip Chi, Lawrence	-	-	-	-	-	-
Mr Chua Teck Huat	-	-	-	-	-	-
Mr Sim Hock Heng	13,282,675	4.94%	110,288,509	41.05%	123,571,184	46.00%
Mr Kew Boon Kee	13,282,675	4.94%	110,288,509	41.05%	123,571,184	46.00%
Mr Lee Tien Chiat	13,282,675	4.94%	110,288,509	41.05%	123,571,184	46.00%
Mr Chan Hock Leong	100,000	0.04%	-	-	100,000	0.04%

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Ms Elaine Beh Pur-Lin	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Typha Holdings Pte. Ltd. ⁽²⁾	110,288,509	41.05%	-	-	110,288,509	41.05%
Vanda 1 Investments Pte. Ltd. ⁽³⁾	21,401,689	7.97%	-	-	21,401,689	7.97%
ICH Gemini Asia Growth Fund Pte Ltd	13,600,000	5.06			13,600,000	5.06
Heliconia Capital Management Pte. Ltd. ⁽³⁾	-	-	21,401,689	7.97%	21,401,689	7.97%
Heliconia Holdings Pte. Ltd. ⁽³⁾	-	-	21,401,689	7.97%	21,401,689	7.97%
Seletar Fund Investments Pte Ltd ⁽³⁾	-	-	21,401,689	7.97%	21,401,689	7.97%
Fullerton Fund Investments Pte Ltd ⁽⁴⁾	-	-	21,401,689	7.97%	21,401,689	7.97%
Temasek Holdings (Private) Limited ⁽⁴⁾	-	-	21,401,689	7.97%	21,401,689	7.97%
Pek Kian Boon	37,734,912	14.05%	-	-	37,734,912	14.05%

Notes:

- (1) The percentage shareholding interest is computed based on 268,657,813 Shares as at the Latest Practicable Date.
- (2) The shareholders of Typha Holdings Pte. Ltd. are Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat, each holding 33.3% of the share capital of Typha Holdings Pte. Ltd. respectively. Accordingly, Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat are deemed to have an interest in the shares held by Typha Holdings Pte. Ltd. by virtue of the percentage of shares held by them in the share capital of Typha Holdings Pte. Ltd.
- (3) The sole shareholder of Vanda 1 Investments Pte. Ltd. is Heliconia Capital Management Pte. Ltd., which is a wholly-owned subsidiary of Heliconia Holdings Pte. Ltd., and Seletar Fund Investments Pte Ltd holds 100% of the issued share capital of Heliconia Holdings Pte. Ltd. Accordingly, Heliconia Capital Management Pte. Ltd., Heliconia Holdings Pte. Ltd. and Seletar Fund Investments Pte Ltd are deemed to have an interest in the shares held by Vanda 1 Investments Pte. Ltd. by virtue of the percentage of shares held by them in Vanda 1 Investments Pte. Ltd., Heliconia Capital Management Pte. Ltd. and Heliconia Holdings Pte. Ltd. respectively.
- (4) Seletar Fund Investments Pte Ltd is a subsidiary of Fullerton Fund Investments Pte Ltd. Temasek Holdings (Private) Limited is the parent company of Fullerton Fund Investments Pte Ltd. Accordingly, Fullerton Fund Investments Pte Ltd and Temasek Holdings (Private) Limited are deemed to have an interest in the shares held by Vanda 1 Investments Pte. Ltd. by virtue of the percentage of shares held by them in the share capital of Seletar Fund Investments Pte Ltd and Fullerton Fund Investments Pte Ltd respectively.

Save for their respective shareholding interests in the Company, none of the Directors and to the best of the Directors' knowledge, none of the Substantial Shareholders has any direct or indirect interest in the proposed adoption of the Share Buy-Back Mandate.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed adoption of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution relating to the proposed adoption of the Share Buy-Back Mandate to be proposed at the 2020 AGM.

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5. 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 adoption of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

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

6. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 28 Kian Teck Drive Singapore 628845 during normal office hours from the date hereof up to and including the date of the 2020 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2020.

Yours faithfully
for and on behalf of the Board of Directors of
Sanli Environmental Limited

Mr Chua Teck Huat
Chief Executive Officer
10 September 2020