

APPENDIX DATED 11 JULY 2018

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

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

This Appendix is circulated to the Shareholders (as defined herein) of UnUsUaL Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 31 March 2018 (the “**Annual Report**”). Its purpose is to explain to Shareholders the rationale and provide information relating to, and to seek Shareholders’ approval for, the proposed adoption of the Share Buyback Mandate (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held on Thursday, 26 July 2018 at 2.00 p.m. at 2mm Talent Hub (1 Zubir Said Drive #01-01 School of the Arts Singapore 227968).

The notice of AGM and the proxy form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the notice of AGM and the accompanying proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, together with the Annual Report, the notice of AGM and the accompanying 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 prepared by the Company and its contents have been reviewed by the Company’s sponsor (the “**Sponsor**”), Hong Leong Finance Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by 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 Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

UnUsUaL™

飛凡有限公司 LIMITED

————— a **mm2** company
entertainment

(Company Registration Number 201611835H)
(Incorporated in the Republic of Singapore)

APPENDIX IN RELATION TO

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

DEFINITIONS

In this Appendix, the following definitions apply throughout except where the context otherwise requires:

- “ACRA” : Accounting and Corporate Regulatory Authority
- “AGM” : The annual general meeting of the Company
- “Appendix” : This Appendix to Shareholders dated 11 July 2018 in relation to the proposed adoption of the Share Buyback Mandate
- “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 company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” : The board of Directors of the Company for the time being
- “Catalist” : The SGX-ST sponsor-supervised listing platform
- “Catalist Rules” : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP” : The Central Depository (Pte) Limited
- “Companies Act” : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Company” : UnUsUaL Limited
- “Constitution” : The constitution of the Company, as amended, modified or supplemented from time to time
- “Control” : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
- “Controlling Shareholder” : A person (including a corporation) who:
- (a) holds directly or indirectly 15% or more of the total issued voting Shares; or
 - (b) in fact exercises Control over the Company

“Directors”	:	The directors of the Company for the time being
“EPS”	:	Earnings per Share
“FY”	:	Financial year of the Company ended or ending 31 March (as the case may be)
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	19 June 2018, being the latest practicable date prior to the printing of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“Ordinary Resolution”	:	A resolution passed by a simple majority of the Shareholders present and voting in person or by proxy at a general meeting of the Company
“Relevant Period”	:	The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
“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 Buyback Mandate”	:	A general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix and in compliance with the rules and regulations set forth in the Companies Act and the Catalist Rules
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA.

The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act. The term “**treasury shares**” shall have the same meaning ascribed to it in Section 4 of the Companies 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 Companies Act.

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies 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 to dates in this Appendix shall be a reference to Singapore time and dates, respectively, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

UnUsUaL LIMITED

(Company Registration Number 201611835H)
(Incorporated in the Republic of Singapore)

Directors

Melvin Ang Wee Chye (*Non-Executive Chairman and Non-Independent Director*)
Leslie Ong Chin Soon (*Chief Executive Officer and Executive Director*)
Johnny Ong Chin Leong (*Chief Operating Officer and Executive Director*)
Loh Woon Yen (*Non-Executive Director*)
Kelvin Tan Wee Peng (*Independent Director*)
William Tan Yew Chee (*Independent Director*)
Michael Tang Tung Kin (*Independent Director*)

Registered Office

45 Kallang Pudding Road
#01-01 Alpha Building
Singapore 349317

11 July 2018

To: The Shareholders of UnUsUaL Limited

Dear Sir/Madam

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1 The Directors propose to seek the approval of Shareholders at the forthcoming AGM to be held on Thursday, 26 July 2018 at 2.00 p.m. at 2mm Talent Hub (1 Zubir Said Drive #01-01 School of the Arts Singapore 227968) for the proposed adoption of the Share Buyback Mandate.
- 1.2 The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the proposed adoption of the Share Buyback Mandate.
- 1.3 This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.
- 1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

2.1 Background

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the approval of Shareholders is being sought at the forthcoming AGM for the adoption of the Share Buyback Mandate.

An Ordinary Resolution will be proposed, pursuant to which the Share Buyback Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of the Share Buyback Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buyback Mandate will continue to be in force until the conclusion of the next AGM or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which the purchases or acquisitions of Shares have been carried out to the full extent mandated or until it is varied or revoked by the Company at a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

2.2 Rationale

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

- (a) 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 buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire its Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. 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. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (c) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence and employees' morale.
- (d) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in Section 2.3.1 below during the period referred to in Section 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and limits of the Share Buyback Mandate

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

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the AGM at which the proposed adoption of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

Purely for illustrative purposes only, on the basis of 1,029,179,292 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the forthcoming AGM, not more than 102,917,929 (representing 10% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

2.3.2 Duration of authority

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

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders at a general meeting.

The Share Buyback Mandate may be renewed at each AGM or other general meetings of the Company.

2.3.3 Manner of purchase or acquisition of Shares

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

- (a) Market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share buyback (“**Market Purchases**”); and/or
- (b) off-market purchases (“**Off-Market Purchase**”) effected otherwise than on the SGX-ST pursuant to an equal access scheme.

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Companies Act, the Catalist Rules and the Constitution, 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 all the following conditions:

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

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;

- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and
- (g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum price to be paid for the Shares

The purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

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

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

For the above purposes:

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

“**day of making of the offer**” means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase 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 **Sources of funds**

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the 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 may purchase or acquire its Shares out of capital or profits so long as the Company is solvent.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company’s purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will 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 and the costs of such financing.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.5 **Status of purchased or acquired Shares**

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. 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.

Shares purchased or acquired by the Company and cancelled will be automatically de-listed by the SGX-ST. Certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.6 **Treasury shares**

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

- (a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.
- (b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at general 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.
- (c) 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 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 greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.
- (d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:
 - (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 any share scheme, whether for employees, directors or other persons;
 - (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 the Minister for Finance may by order prescribe.

Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

2.7 Reporting requirements

2.7.1 Notification to the ACRA

Within 30 days of the passing of a Shareholders' resolution to approve the proposed adoption of the Share Buyback Mandate, the Company shall lodge a copy of such resolution with the ACRA.

The Company shall also lodge with ACRA a notice of purchase or acquisition of Shares within 30 days of such purchase or acquisition. Such notification shall include the date of purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid for the purchase or acquisition and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA a notice of cancellation or disposal of treasury shares with such information as may be prescribed from time to time.

2.7.2 Notification to the SGX-ST

The Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer.

Such announcement shall include the number of Shares authorised for purchase or acquisition, the date of purchase or acquisition, the number of Shares purchased or acquired, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time.

In addition, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include the date of usage, the purpose of usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed from time to time.

2.8 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NAV and EPS of the Company and the Group 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 such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. Any Share buyback will:

- (a) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;

- (b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for such 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 will correspondingly reduce the amount 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 Share Buyback Mandate to such an extent that 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. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NAV per Share of the Group.

The financial effects presented below are based on the following assumptions:

- (a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 1,029,179,292 issued Shares.

- (b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 1,029,179,292 Shares in issue as at the Latest Practicable Date and having taken into consideration the Group's financial position as at 31 March 2018, the purchase or acquisition by the Company of 3% of its Shares will result in the purchase of 30,875,379 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 30,875,379 Shares at the Maximum Price of \$0.4830 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 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 30,875,379 Shares is approximately \$14.9 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 30,875,379 Shares at the Maximum Price of \$0.5520 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 SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 30,875,379 Shares is approximately \$17.0 million.

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

- (i) the Share Buyback Mandate had been effective on 1 April 2017; and
- (ii) such Share purchases or acquisitions are funded solely by internal resources,

the financial effects of the Share buyback on the audited consolidated financial results of the Company and the Group for FY2018, are set out below:

(i) **PURCHASES MADE ENTIRELY OUT OF CAPITAL AND HELD AS TREASURY SHARES**

(a) **Market Purchases**

As at 31 March 2018	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group	Group	Company	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	39,713	24,800	19,578	4,665
NAV ⁽¹⁾	39,713	24,800	19,578	4,665
Current Assets	39,051	24,138	20,958	6,045
Current Liabilities	11,060	11,060	1,443	1,443
Total Borrowings	4,413	4,413	–	–
Number of Shares ('000)	1,029,179	998,304	1,029,179	998,304
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	3.86	2.48	1.90	0.47
Current Ratio (times) ⁽³⁾	3.53	2.18	14.52	4.19
Basic EPS (cents)	0.97	1.00	(0.10)	(0.11)

(b) **Off-Market Purchases**

As at 31 March 2018	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group	Group	Company	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	39,713	22,670	19,578	2,535
NAV ⁽¹⁾	39,713	22,670	19,578	2,535
Current Assets	39,051	22,008	20,958	3,915
Current Liabilities	11,060	11,060	1,443	1,443
Total Borrowings	4,413	4,413	–	–
Number of Shares ('000)	1,029,179	998,304	1,029,179	998,304
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	3.86	2.27	1.90	0.25
Current Ratio (times) ⁽³⁾	3.53	1.99	14.52	2.71
Basic EPS (cents)	0.97	1.00	(0.10)	(0.11)

(ii) **PURCHASES MADE OUT OF CAPITAL AND CANCELLED**

(a) **Market Purchases**

As at 31 March 2018	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group	Group	Company	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	39,713	24,800	19,578	4,665
NAV ⁽¹⁾	39,713	24,800	19,578	4,665
Current Assets	39,051	24,138	20,958	6,045
Current Liabilities	11,060	11,060	1,443	1,443
Total Borrowings	4,413	4,413	–	–
Number of Shares ('000)	1,029,179	998,304	1,029,179	998,304
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	3.86	2.48	1.90	0.47
Current Ratio (times) ⁽³⁾	3.53	2.18	14.52	4.19
Basic EPS (cents)	0.97	1.00	(0.10)	(0.11)

(b) **Off-Market Purchases**

As at 31 March 2018	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group	Group	Company	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	39,713	22,670	19,578	2,535
NAV ⁽¹⁾	39,713	22,670	19,578	2,535
Current Assets	39,051	22,008	20,958	3,915
Current Liabilities	11,060	11,060	1,443	1,443
Total Borrowings	4,413	4,413	–	–
Number of Shares ('000)	1,029,179	998,304	1,029,179	998,304
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	3.86	2.27	1.90	0.25
Current Ratio (times) ⁽³⁾	3.53	1.99	14.52	2.71
Basic EPS (cents)	0.97	1.00	(0.10)	(0.11)

Notes:

(1) NAV represents total assets less total liabilities.

(2) NAV per Share is calculated based on NAV and 1,029,179,292 Shares in issue as at 31 March 2018.

(3) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2018, and is not necessarily representative of the future financial performance of the Company or the Group.

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 a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

2.9 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

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

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (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 whose investment 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 client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client’s equity share capital;
- (f) 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 the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and

- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, a Shareholder and his concert parties will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder and his concert parties would increase to 30% or more, or in the event that such Shareholder and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Shareholder and his concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Shareholder and his concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed adoption of the Share Buyback Mandate.

Based on the information in the Company's register of members as at the Latest Practicable Date, none of the Directors or Substantial Shareholders are obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

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 purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 **Tax implications**

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

2.11 **Catalist Rules**

- 2.11.1 While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares 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 line with the best practices on dealing with securities stipulated in the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off Market Purchases during the period of two weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month immediately preceding the announcement of the Company's financial statement for the financial year.

- 2.11.2 The Company does not have any individual shareholding limit or foreign shareholding limit. The Catalist Rules require a listed company to ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed must be held by public Shareholders. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company. The term “public”, as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholder of the Company and its subsidiaries; and (ii) Associates of the persons in (i).

As at the Latest Practicable Date, approximately 237,183,251 Shares, representing 23.05% of the total number of issued Shares are held by public Shareholders. For illustrative purposes only, assuming the Company exercises the Share Buyback Mandate in full and purchases 10% of the total number of issued Shares through Market Purchases from the public, the public float would be reduced to approximately 134,265,322 Shares, representing approximately 14.50% of the total number of issued Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of issued Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company. Before deciding to effect a purchase or acquisition of Shares, the Directors will ensure that, notwithstanding such purchase or acquisitions, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

2.12 Share buybacks in the previous 12 months

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

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the issued share capital of the Company, as recorded in the register of Directors’ shareholdings and the register of Substantial Shareholders of the Company respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Melvin Ang Wee Chye ⁽²⁾	–	–	790,276,041	76.79
Leslie Ong Chin Soon ⁽³⁾	1,000,000	0.10	790,516,041	76.81
Johnny Ong Chin Leong ⁽³⁾	–	–	790,516,041	76.81
Loh Woon Yen	–	–	–	–
Kelvin Tan Wee Peng	80,000	0.01	–	–
William Tan Yew Chee	80,000	0.01	–	–
Michael Tang Tung Kin	80,000	0.01	–	–
Substantial Shareholders				
UnUsUaL Management Pte. Ltd.	790,276,041	76.79	–	–
mm2 Asia Ltd. ⁽⁴⁾	–	–	790,276,041	76.79

Notes:

- (1) Based on the issued share capital of the Company of 1,029,179,292 Shares as at the Latest Practicable Date.
- (2) Mr. Melvin Ang Wee Chye is deemed to be interested in the Shares held by mm2 Asia Ltd. (“mm2”) by virtue of Section 7 of the Companies Act as he holds 38.11% of the shareholdings in mm2.
- (3) Mr. Leslie Ong Chin Soon and Mr. Johnny Ong Chin Leong are deemed to be interested in the 790,276,041 Shares held by UnUsUaL Management Pte. Ltd. (“UnUsUaL Management”) by virtue of Section 7 of the Companies Act as they each hold 24.5% of the shareholdings in UnUsUaL Management, and 240,000 Shares held by their respective spouses.
- (4) mm2 is deemed to be interested in the Shares held by UnUsUaL Management by virtue of Section 7 of the Companies Act as it holds 51% of the shareholdings in UnUsUaL Management.

4. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the proposed adoption of the Share Buyback Mandate, the Directors are of the opinion that the proposed adoption of the Share Buyback Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed adoption of the Share Buyback Mandate as set out in the notice of AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on his behalf must complete, sign and return the proxy form attached to the Company's annual report for FY2018 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 45 Kallang Pudding Road #01-01 Alpha Building Singapore 349317, not less than 72 hours before the time fixed for holding the AGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for holding the AGM.

6. 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 Buyback Mandate and the Group, 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.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 45 Kallang Pudding Road #01-01 Alpha Building Singapore 349317, during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution; and
- (b) the annual report of the Company for FY2018.

Yours faithfully
For and on behalf of the Board of Directors

LESLIE ONG CHIN SOON
Executive Director and Chief Executive Officer

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