APPENDIX DATED 11 APRIL 2016

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

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

This Appendix (as defined herein) is circulated to shareholders ("**Shareholders**") of DeClout Limited (the "**Company**") together with the Company's annual report dated 11 April 2016 (the "**Annual Report**"). The purpose of this Appendix is to provide Shareholders with information relating to, and seek Shareholders' approval for, the Proposed Renewal of the Share Buy Back Mandate (as defined herein) at the annual general meeting ("**AGM**") of the Company to be held at M Hotel, Banquet Suite, Level 10, 81 Anson Road Singapore 079908 on Thursday, 28 April 2016 at 2.00 p.m..

The Notice of AGM and a Proxy Form are enclosed with the Annual Report. This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor**") 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 Ms. Lam Siew Hwa, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

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DECLOUT LIMITED

(Incorporated in the Republic of Singapore on 21 August 2010)
(Company Registration No. 201017764W)

APPENDIX TO THE NOTICE OF AGM

IN RELATION TO THE

PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

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DEFINITIONS

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

"2016 AGM"	:	The AGM to be held at M Hotel, Banquet Suite, Level 10, 81 Anson Road Singapore 079908 on Thursday, 28 April 2016 at 2.00 p.m., notice of which is set out in the Annual Report
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company
"Annual Report"	:	The annual report of the Company for the financial year ended 31 December 2015
"Appendix"	:	This appendix to the Notice of AGM
"Approval Date"	:	Has the meaning ascribed to it in section 2.3(a) of this Appendix
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Average Closing Price"	:	Has the meaning ascribed to it in section 2.3(d) of this Appendix
"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"	:	Section B: Rules of Catalist of the listing manual 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"	:	DeClout Limited
"DeClout ESOS"	:	The employee share option scheme of the Company which was approved on 5 October 2012 pursuant to a written resolution passed by Shareholders, as amended or modified from time to time
"DeClout PSP"	:	The performance share plan of the Company which was approved on 5 October 2012 pursuant to a written resolution passed by Shareholders, as amended or modified from time to time
"Director(s)"	:	The director(s) of the Company as at the date of this Appendix
"EGM"	:	The extraordinary general meeting of the Company
"EPS"	:	Earnings per Share
"FY"	:	The financial year ended or, as the case may be, ending 31 December

"Group"	:	The Company and its subsidiaries collectively
"Latest Practicable Date"	:	28 March 2016, 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
"Market Purchase"	:	Has the meaning ascribed to it in section 2.3(c) of this Appendix
"Maximum Price"	:	Has the meaning ascribed to it in section 2.3(d) of this Appendix
"Notice of AGM"	:	The notice of the 2016 AGM which is set out on pages 140 to 145 of the Annual Report
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Has the meaning ascribed to it in section 2.3(c) of this Appendix
"Proposed Renewal of the Share Buy Back Mandate"	:	The proposed renewal of the Share Buy Back Mandate
"Proxy Form"	:	The proxy form in respect of the 2016 AGM as attached to the Annual Report
"Purchase Price"	:	Has the meaning ascribed to it in section 2.6 of this Appendix
"Relevant Period"	:	The period commencing from the date on which the resolution relating to the Proposed Renewal of the Share Buy Back Mandate was passed in a general meeting and expiring on the earlier of the date of the next AGM is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting
"Rule 14"	:	Has the meaning ascribed to it in section 2.10 of this Appendix
"SFA"	:	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"	:	An ordinary share in the capital of the Company
"Shareholders"	:	Persons who are registered holders of Shares in the Register of Members of the Company except where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and into whose securities accounts those Shares are credited
"Share Buy Back"	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Buy Back Mandate
"Share Buy Back Mandate"	:	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules

"SIC"	:	Securities Industry Council
"Substantial Shareholder"	:	A person who has an interest or interests in one (1) or more voting Shares in the Company, and the votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
"Take-over Code"	:	The Singapore Code on Take-over and Mergers, as amended, modified or supplemented from time to time
"Treasury Shares"	:	Shares of the Company which were (or treated as if having been) purchased and held by the Company and have been held continuously by the Company since they were so acquired and have not been cancelled in accordance with Section 76H of the Companies Act
"S$" and "cents"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"%" or "percent"	:	Per cent or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word 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 meaning assigned 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 a day or date in this Appendix shall be a reference to Singapore time and date unless otherwise stated.

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

DECLOUT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201017764W)

Directors:

Mr. Wong Kok Khun (Chairman and Group Chief Executive Officer)
Ms. Kow Ya (Executive Director)
Mr. Ho Chew Thim (Lead Independent Director)
Mr. Hew Koon Chan (Independent Director)
Ms. Ch'ng Li-Ling (Independent Director)

Registered Office:

29 Tai Seng Avenue
#05-01
Natural Cool Lifestyle Hub
Singapore 534119

Date: 11 April 2016

To: The Shareholders of the Company

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

1. INTRODUCTION

The Directors propose to seek the approval of Shareholders at its 2016 AGM for the Proposed Renewal of the Share Buy Back Mandate.

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and explaining the rationale, for the Proposed Renewal of the Share Buy Back Mandate.

Shareholders are advised that the SGX-ST and the Sponsor assume 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.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Article 52 of the Company's Constitution expressly permits the Company to purchase its issued Shares.

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 should obtain approval of its shareholders to do so at a general meeting. In this regard, Shareholders had approved the Share Buy Back Mandate at the EGM held on 29 April 2014 and renewed the Share Buy Back Mandate at the AGM held on 28 April 2015 (the "**2015 Mandate**"). The 2015 Mandate will be expiring on 28 April 2016, being the date of the forthcoming 2016 AGM.

Accordingly, approval is being sought from Shareholders for the Proposed Renewal of the Share Buy Back Mandate at the 2016 AGM. If the Proposed Renewal of the Share Buy Back Mandate is approved by Shareholders, the Share Buy Back Mandate will continue in force until the date when the next AGM is held, or is required by law to be held, whichever is the earlier, whereupon it will lapse, unless it is renewed at such meeting. The authority may be revoked or varied in any general meeting of the Company held prior to the date when the next AGM is held or is required by law to be held.

2.2 Rationale for the Proposed Renewal of the Share Buy Back Mandate

The Proposed Renewal of the Share Buy Back Mandate would give the Company the flexibility to undertake Share Buy Backs at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force. A Share Buy Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Share Buy Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The Share Buy Back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or the NTA per Share of the Company and the Group. The Share Buy Back may also help the Company to reduce the dilution impact arising from any issue of share options pursuant to the DeClout ESOS or grant of share awards pursuant to the DeClout PSP.

Pursuant to the Companies Act, Shares purchased or otherwise acquired pursuant to the Proposed Renewal of the Share Buy Back Mandate may be held or dealt with as Treasury Shares.

Shareholders should note that the Share Buy Backs will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company and when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders.

2.3 Terms of the Proposed Renewal of the Share Buy Back Mandate

The authority and limitations placed on the Share Buy Back under the Proposed Renewal of the Share Buy Back Mandate are summarised 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 is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, ascertained as at the date of the AGM at which the Proposed Renewal of the Share Buy Back Mandate is approved (the "**Approval Date**"), unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of the share capital of the Company, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered by the special resolution of the Company or the order of the court, as the case may be. For purposes of calculating the percentage of issued Shares referred to above, any of the Shares which are held as Treasury Shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 618,850,590 Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2016 AGM, not more than 61,885,059 Shares (representing 10% of the Shares in issue as at the date of the 2016 AGM) may be purchased or acquired by the Company pursuant to the Proposed Renewal of the Share Buy Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earlier of:

(i) the date on which the next AGM is held or required by law or the Company's Constitution to be held (whichever is earlier);

(ii) the date on which the authority contained in the Proposed Renewal of the Share Buy Back Mandate is varied or revoked by Shareholders in a general meeting; or

(iii) the date on which the Share Buy Backs are carried out to the full extent mandated.

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

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

(i) on-market purchases ("**Market Purchase**"), transacted on Catalist through the ready market or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on Catalist) 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 Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions, which are consistent with the Proposed Renewal of the Share Buy Back Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the Share Buy Backs;

(iv) the consequences, if any, of the Share Buy Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;

(v) whether the Share Buy Backs, if made, would have any effect on the listing of the Shares on Catalist;

(vi) details of any Share Buy Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

(d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, subject to compliance with the Catalist Rules, where applicable.

However, the purchase price to be paid for the Shares must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

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

For the above purposes of determining the Maximum Price:

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

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares under the Proposed Renewal of the Share Buy Back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

2.5 Treasury Shares

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

(a) Maximum Holdings

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

(b) Voting and Other Rights

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

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

(c) Disposal and Cancellation

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

(i) sell the Treasury Shares for cash;

(ii) transfer the Treasury Shares for the purposes of or pursuant to an employee share scheme;

(iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such Treasury Shares, the purpose of such sale, transfer, cancellation and/or use of such Treasury Shares, the number of Treasury Shares which have been sold, transferred, cancelled and/or used, the number of Treasury Shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of Treasury Shares against the total number of issued shares (of the same class as the Treasury Shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for Share Buy Backs

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, and only if the Company is solvent.

The Company may not purchase or acquire its Shares on Catalist for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

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 brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (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 available for the distribution of cash dividends 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 available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company will use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Proposed Renewal of the Share Buy Back Mandate. In purchasing or acquiring Shares pursuant to the Proposed Renewal of the Share Buy Back Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

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 Effects of the Proposed Renewal of the Share Buy Back Mandate

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

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 financial condition of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, the availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Proposed Renewal of the Share Buy Back Mandate will be exercised with a view to enhance the EPS and/or the NTA per Share of the Group.

Purely for illustrative purposes, the financial effects of the Proposed Renewal of the Share Buy Back Mandate on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2015 are based on the following assumptions:

(a) based on 618,850,590 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2016 AGM, the purchase or acquisition by the Company of 10% of its issued Shares will result in the purchase or acquisition of 61,885,059 Shares;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 61,885,059 Shares at the Maximum Price of S$0.20 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 Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 61,885,059 Shares is approximately S$12.38 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 61,885,059 Shares at the Maximum Price of S$0.23 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 Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 61,885,059 Shares is approximately S$14.23 million.

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

(i) the Proposed Renewal of the Share Buy Back Mandate had been effective on 1 January 2015;

(ii) such Share purchases or acquisitions are made from internal resources;

(iii) the Company had purchased or acquired 61,885,059 Shares (representing 10% of its total number of issued Shares as at the Latest Practicable Date); and

(iv) the purchased Shares are held as Treasury Shares.

The financial effects on the audited financial statements of the Company and the Group for FY2015 pursuant to the Proposed Renewal of the Share Buy Back Mandate would be as follows:

	Group			Company		
	Before the Share Buy Back	After the Share Buy Back		Before the Share Buy Back	After the Share Buy Back	
	S$'000	Market Purchase S$'000	Off-Market Purchase S$'000	S$'000	Market Purchase S$'000	Off-Market Purchase S$'000
Share capital	86,953	86,953	86,953	86,953	86,953	86,953
Retained earnings	10,787	10,787	10,787	(5,163)	(5,163)	(5,163)
Other reserves	(15,911)	(15,911)	(15,911)	3,769	3,769	3,769
Treasury shares	–	(12,377)	(14,234)	–	(12,377)	(14,234)
Non-controlling interests	21,708	21,708	21,708	–	–	–
Total equity	103,537	91,160	89,303	85,559	73,182	71,325
Current assets	127,944	115,567	113,710	37,417	36,946	36,946
Current liabilities	(93,968)	(93,968)	(93,968)	(11,562)	(23,468)	(25,325)
Working capital	33,976	21,599	19,742	25,855	13,478	11,621
Total borrowings	(57,355)	(57,355)	(57,355)	(12,673)	(12,673)	(12,673)
Cash and bank balances	22,724	10,347	8,490	471	–	–
Net borrowings	(34,631)	(47,008)	(48,865)	(12,202)	(12,673)	(12,673)
NTA	29,050	16,673	14,816	85,559	73,182	71,325
Profit attributable to owners of the Company	4,978	4,978	4,978	(4,463)	(4,463)	(4,463)
Number of Shares ('000)	538,618	476,733 (1)	476,733 (1)	538,618	476,733 (1)	476,733 (1)
Weighted average number of Shares ('000)	460,706	398,821 (1)	398,821 (1)	460,706	398,821 (1)	398,821 (1)
Financial Ratios						
NTA per Share(1) (cents)	5.39	3.50	3.11	15.88	15.35	14.96
Gearing ratio(3) (times)	0.33	0.52	0.55	0.14	0.17	0.18
Current ratio(4) (times)	1.36	1.23	1.21	3.24	1.57	1.46
Basic EPS(5) (cents)	1.08	1.25	1.25	N.M. (6)	N.M. (6)	N.M. (6)

Notes:

(1) Excludes 61,885,059 Treasury Shares.
(2) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest. NTA per Share equals NTA divided by the number of Shares as at 31 December 2015.
(3) Gearing ratio equals net borrowings divided by total Shareholders' equity.
(4) Current ratio equals current assets divided by current liabilities.
(5) Basic EPS equals profit attributable to owners of the Company divided by the weighted average number of Shares as at 31 December 2015.
(6) Not meaningful.

It should be noted that although the Proposed Renewal of the Share Buy Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. 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 Buy Back before execution.

2.8 Tax Implications

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

2.9 Catalist Rules

The Catalist Rules requires a listed company to ensure that at least 10% of its Shares is at all times held by public Shareholders. The "public" are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as associates of such persons.

The Company does not have any individual shareholding limit or foreign shareholding limit. Based on the information available to the Company as at 18 March 2016, approximately 61.4% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at 18 March 2016 from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 57.1%.

The Directors are of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake Share Buy Backs of up to the full 10% limit pursuant to the Proposed Renewal of the Share Buy Back Mandate. Nonetheless, the Directors will use their best efforts to ensure that the Company does not effect buy backs of Shares if the Share Buy Backs 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 affect orderly trading of the Company's Shares and the listing status of the Company.

Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its Shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer.

The notification of Share Buy Backs to the SGX-ST shall be in such form and shall include such details that the SGX-ST prescribed in Appendix 8D of the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

While the Catalist Rules does not expressly prohibit any purchase 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 Share Buy Back pursuant to the Proposed Renewal of the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been

publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of the financial year, and during the period commencing one (1) month immediately preceding the announcement of the Company's full-year results.

2.10 Take-over Obligations

Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by a 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 the shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him 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.

Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, 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 Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert:

(a) 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);

(b) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(c) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(d) a company with any of its pension funds and employee share schemes;

(e) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(f) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(g) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;

(h) partners; and

(i) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the above.

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 purchase or acquisition of shares by the company are set out in Appendix 2 of the Take-over Code.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights 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 more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its 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 (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Renewal of the Share Buy Back Mandate.

Application of the Take-over Code

Based on the interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date disclosed in Section 3 below, none of the Directors nor Substantial Shareholders will become obligated to make a mandatory offer by reason only of the Share Buy Back of 61,885,059 Shares (being the maximum number of Shares that the Company is permitted to purchase or acquire pursuant to the Proposed Renewal of the Share Buy Back Mandate) by the Company pursuant to the Proposed Renewal of the Share Buy Back Mandate.

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 Buy Back pursuant to the Proposed Renewal of the Share Buy Back Mandate.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of a Share Buy Back should consult the SIC and/or their professional advisers at the earliest opportunity.

2.11 Shares Purchased by the Company

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

2.12 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares on Catalist or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase or acquisition of Shares and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required by ACRA.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the registers of Directors' interests in Shares and register of Substantial Shareholders' interests in Shares, respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Directors				
Wong Kok Khun[2]	18,877,500	3.05	55,019,570	8.89
Kow Ya	16,800,000	2.71	–	–
Ho Chew Thim	550,000	0.09	–	–
Hew Koon Chan	250,000	0.04	–	–
Ch'ng Li-Ling	250,000	0.04	–	–
Substantial Shareholders (other than Directors)				
Wong Poh Leng[3]	81,060,000	13.10	–	–
3rd Space Pte. Ltd.	55,019,570	8.89	–	–

Notes:

(1) Based on the issued share capital of the Company of 618,850,590 Shares.

(2) Wong Kok Khun is deemed to have an interest in the Shares held by 3rd Space Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) The Shares are held in the names of Citibank Nominees Singapore Pte. Ltd. and UOB Kay Hian Pte. Ltd.

4. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms and the rationale for the Proposed Renewal of the Share Buy Back Mandate, the Directors are of the view that the Proposed Renewal of the Share Buy Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of ordinary resolution in respect of the Proposed Renewal of the Share Buy Back Mandate at the 2016 AGM.

5. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf, may complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time fixed for the 2016 AGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the 2016 AGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be entitled to attend and vote at the 2016 AGM unless he is shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the 2016 AGM, as certified by CDP to the Company.

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 Renewal of the Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this 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

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 29 Tai Seng Avenue, #05-01 Natural Cool Lifestyle Hub, Singapore 534119, for a period of three (3) months from the date of this Appendix up to and including the date of the AGM:

(a) the Company's Constitution; and

(b) the Annual Report.

Yours faithfully

For and on behalf of the Board of Directors of
DECLOUT LIMITED

Wong Kok Khun
Chairman and Group Chief Executive Officer