

## **ADDENDUM DATED 14 SEPTEMBER 2020**

**THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. If you are in any doubt as to the contents herein or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

*Unless otherwise stated, capitalised terms on this cover are defined in this Addendum under the section entitled "DEFINITIONS".*

This Addendum is circulated to Shareholders of the Company together with the Company's Annual Report 2020. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for the renewal of the Share Buy-back Mandate to be tabled at the annual general meeting of the Company to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Thursday, 29 September 2020 at 2:00 p.m..

The ordinary resolution proposed to be passed in relation to the abovementioned matter is set out as Ordinary Resolution 8 in the Notice of AGM dated 14 September 2020, enclosed in the Annual Report 2020.

This Addendum has been prepared by the Company and its contents have been reviewed by the Sponsor, ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Catalist Rules.

This Addendum has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Addendum including the correctness of any of the statements or opinions made or reports contained in this Addendum.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.



### **SHOPPER360 LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration Number 201634929Z

#### **ADDENDUM TO 2020 ANNUAL REPORT IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

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## DEFINITIONS

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For the purpose of this Addendum, the following definitions have, where appropriate, been used:

- "2020 AGM"** : The AGM of the Company to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Thursday, 29 September 2020 at 2:00 p.m.
- "ACRA"** : The Accounting and Corporate Regulatory Authority of Singapore
- "Addendum"** : This Addendum to the 2020 Annual Report dated 14 September 2020 in relation to the proposed renewal of the Share Buy-back Mandate
- "AGM"** : Annual general meeting
- "Annual Report 2020"** : The annual report of the Company for FY2020
- "Approval Date"** : Has the meaning ascribed to it in Section 2.3.1 of this Addendum
- "Associate"** : (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

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## DEFINITIONS

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<b>"Average Closing Price"</b>	:	Has the meaning ascribed to it in Section 2.3.4 of this Addendum
<b>"Board" or "Board of Directors"</b>	:	The board of directors of the Company as at the date of this Addendum or from time to time, as the case may be
<b>"Catalist"</b>	:	The Catalist board of the SGX-ST
<b>"Catalist Rules"</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"CEO"</b>	:	Chief Executive Officer
<b>"Companies Act"</b>	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<b>"Company"</b>	:	shopper360 Limited
<b>"Constitution"</b>	:	The constitution of the Company, as may be amended, modified or supplemented from time to time
<b>"Controlling Shareholder"</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or  (b) in fact exercises control over the Company
<b>"Director"</b>	:	A director of the Company as at the date of this Addendum or from time to time, as the case may be
<b>"EPS"</b>	:	Earnings per Share
<b>"FY"</b>	:	Financial year ending or ended 31 May, as the case may be
<b>"Group"</b>	:	The Company and its subsidiaries

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## DEFINITIONS

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<b>"Latest Practicable Date"</b>	:	9 September 2020, being the latest practicable date prior to the issue of this Addendum
<b>"Market Day"</b>	:	A day on which the SGX-ST is open for trading of securities
<b>"Market Purchase"</b>	:	Has the meaning ascribed to it in Section 2.3.3 of this Addendum
<b>"Maximum Price"</b>	:	Has the meaning ascribed to it in Section 2.3.4 of this Addendum
<b>"Notice of AGM"</b>	:	The notice of the 2020 AGM dated 14 September 2020 as enclosed with the Annual Report 2020
<b>"NTA"</b>	:	Net tangible assets
<b>"Off-Market Purchase"</b>	:	Has the meaning ascribed to it in Section 2.3.3 of this Addendum
<b>"Proxy Form"</b>	:	The proxy form in respect of the 2020 AGM enclosed with the Annual Report 2020
<b>"Relevant Period"</b>	:	The period commencing from the date on which the renewal of the Share Buy-back Mandate is approved by the Shareholders and expiring on the date of the next AGM of the Company is held or is required by law to be held, whichever is the earlier
<b>"Securities Accounts"</b>	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
<b>"SFA"</b>	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, supplemented or modified from time to time
<b>"SGX-ST"</b>	:	Singapore Exchange Securities Trading Limited
<b>"Share Buy-back"</b>	:	The purchase or acquisition of Shares by the Company pursuant to the terms of the Share Buy-back Mandate
<b>"Share Buy-back Mandate"</b>	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with, and in the manner

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## DEFINITIONS

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prescribed by, the terms set out in this Addendum as well as the rules and regulations set forth in the Companies Act, the Catalist Rules, the Constitution and such other laws and regulations as may for the time being be applicable

- "Shareholders"** : Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register maintained by CDP
- "Share(s)"** : Ordinary shares in the capital of the Company
- "SIC"** : The Securities Industry Council
- "Sponsor"** : ZICO Capital Pte. Ltd.
- "Substantial Shareholder"** : A person who has an interest or interests in voting Shares (excluding treasury shares and subsidiary holdings) in the Company, directly or indirectly, in not less than 5% of the total voting shares in the Company
- "Take-over Code"** : The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time

### **Currencies and others**

- "RM"** : Malaysian Ringgit, the lawful currency of Malaysia
- "S\$" and "cents"** : Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
- "%" or "per cent"** : Per centum or percentage

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

The terms **"treasury shares"**, **"subsidiary"**, and **"subsidiary holdings"** shall have the meaning ascribed them in the Companies Act.

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

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## DEFINITIONS

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Any reference in this Addendum 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 not otherwise defined in this Addendum shall have the same meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or such statutory modification thereof, as the case may be.

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

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

Any reference to "**you**", "**your**" and "**yours**" in this Addendum is, as the context so determines, to Shareholders.

The headings in this Addendum are inserted for convenience only and shall not affect the construction of this Addendum.

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## LETTER TO SHAREHOLDERS

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### SHOPPER360 LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration Number 201634929Z

#### Directors:

Chew Sue Ann *(Executive Chairman and Group Managing Director)*  
Zaffary Bin Ab Rashid *(Non-Independent Non-Executive Director)*  
Hew Koon Chan *(Lead Independent Director)*  
Wong Chin Chin *(Independent Director)*  
Margaret Au Yong *(Independent Director)*

#### Registered Office:

138 Robinson Road  
#26-03 Oxley Tower  
Singapore 068906

14 September 2020

To: The Shareholders of shopper360 Limited

Dear Shareholder

### THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

#### 1. INTRODUCTION

##### 1.1 Overview

At the last annual general meeting of the Company held on Thursday, 26 September 2019, Shareholders had approved the adoption of the Share Buy-back Mandate to enable the Company to purchase or acquire the Shares. The Share Buy-back Mandate was expressed to take effect until the conclusion of the Company's forthcoming 2020 AGM. Accordingly, as the Share Buy-back Mandate will expire on the date of the forthcoming 2020 AGM, the Directors propose that the Share Buy-back Mandate be renewed at the 2020 AGM.

##### 1.2 Purpose of Addendum

The purpose of this Addendum is to provide Shareholders with relevant information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate to be tabled at the 2020 AGM, as set out in the Notice of AGM.

This Addendum 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. The SGX-ST assumes no



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## LETTER TO SHAREHOLDERS

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responsibility for the contents of this Addendum, including the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.

### **1.3 Exchange Rate**

Unless otherwise stated, all currency translations of S\$ and RM used in this Circular are based on S\$1.00 : RM3.0440, being the exchange rate based on Bloomberg as at the Latest Practicable Date.

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

### **2.1 Background**

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Catalist Rules, the Constitution and such other laws and regulations as may for the time being be applicable. The Company's Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares in accordance with the relevant laws on such terms and subject to such conditions as the Company may prescribe in a general meeting. Accordingly, the Company is seeking Shareholders' approval for the proposed renewal of the Share Buy-back Mandate at the 2020 AGM.

If the proposed renewal of the Share Buy-back Mandate is approved, the Share Buy-back Mandate will take effect from the date of the 2020 AGM and continue in force until the date of the next AGM of the Company, or such date as the next AGM of the Company is required by law to be held, unless prior thereto, the Share Buy-back is carried out to the full extent mandated or the Share Buy-back Mandate is revoked or varied by the Company in a general meeting. The Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM or extraordinary general meeting of the Company, as the case may be.

### **2.2 Rationale for the Share Buy-back Mandate**

The Share Buy-back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions and the terms described in Section 2.3 of this Addendum, during the period in which the Share Buy-back Mandate is in force.

The Share Buy-back Mandate will accord the Company greater flexibility in managing its capital to achieve a more efficient capital structure, and would also allow the Company to enhance its EPS and return on equity on an ongoing basis. Shares purchased or acquired by the Company pursuant to the Share Buy-back Mandate will either be cancelled or held as treasury shares as may be determined by the Directors.

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## LETTER TO SHAREHOLDERS

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Furthermore, short-term speculation may at times cause the market price of the Shares to be depressed below the true value of the Company and the Group. The Share Buy-back Mandate will provide the Directors with the means to restore investors' confidence and to protect existing Shareholders' investments in the Company in a depressed share-price situation through judicious purchases or acquisitions of Shares to enhance the EPS. Shares purchased or acquired by the Company will also enhance the net asset value per Share if the Share purchases and acquisitions are made at a price below the net asset value per Share.

If and when circumstances permit, the Directors will decide whether (i) to effect Share Buy-backs via Market Purchases or Off-Market Purchases, and (ii) whether the Shares purchased or acquired should be held as treasury shares or cancelled, after taking into account the relevant factors such as the financial resources available, prevailing market conditions, and the cost and timing involved.

The Directors do not propose to carry out Share Buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company. The Directors will use their best efforts to ensure that after a Share Buy-back, 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 Terms of the Share Buy-back Mandate**

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

#### **2.3.1 Maximum number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company under the Share Buy-back Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time) as at the date of the 2020 AGM at which the proposed renewal of the Share Buy-back Mandate is approved ("**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by special resolution of the Company or the order of the Court, as the case may be (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time).

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For illustrative purposes only, based on the existing issued and paid-up capital of the Company of 111,668,800 Shares (excluding 2,731,200 treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the Approval Date, exercise in full of the Share Buy-back Mandate would result in the purchase or acquisition of 11,166,880 Shares.

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

### 2.3.2 Duration of authority

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

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the Share Buy-back is carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buy-back Mandate to purchase or acquire Shares may be renewed by Shareholders at each AGM or other general meetings of the Company.

### 2.3.3 Manner of purchase of Shares

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

- (a) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted ("**Market Purchase**"); and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit ("**Off-Market Purchase**"), and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally.

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## LETTER TO SHAREHOLDERS

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In an Off-Market Purchase, the Directors may impose such terms and conditions, which are consistent with 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 Off-Market Purchase on equal access scheme must satisfy all of the following conditions:

- (a) 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;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (ii) (if applicable) differences in consideration attributable to the fact that 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, the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buy-back;
- (d) the consequences, if any, of Share Buy-back by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-back, if made, would have any effect on the listing of the Shares on Catalist;
- (f) details of any Share Buy-back 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 or acquisition price per Share or the highest and

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## LETTER TO SHAREHOLDERS

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lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and

- (g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

### 2.3.4 Maximum Purchase Price

The purchase or acquisition price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

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

in either case, excluding related expenses of the Share Buy-back ("**Maximum Price**").

For the above purposes,

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

**"date of the making of the offer"** means the date on which the Company makes an offer for the Share Buy-back from Shareholders, stating the purchase or acquisition price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 2.4 **Status of purchased Shares under the Share Buy-back Mandate**

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. Where Shares purchased or acquired by the Company are cancelled, such Shares will automatically be de-listed from the SGX-ST. Where applicable, certificates in respect of such cancelled Shares will be cancelled and destroyed by the

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## LETTER TO SHAREHOLDERS

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Company as soon as is reasonably practicable following the settlement of such purchase or acquisition. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

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

### **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:

#### **2.5.1 Maximum holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares held as treasury shares in excess of such limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date on which such limit is exceeded, or such further period as may be allowed by ACRA.

#### **2.5.2 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 a different number of 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.

#### **2.5.3 Disposal and cancellation**

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

- (a) sell the treasury shares for cash;

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## LETTER TO SHAREHOLDERS

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- (b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rules 704(31) of the Catalist Rules, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

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

### **2.6 Sources of funds for Share Buy-back**

For the Share Buy-back, the Company may only apply funds legally available for such purchases or acquisitions as is provided in the Constitution and in accordance with the applicable laws in Singapore.

The Companies Act permits the Company to purchase or acquire its Shares out of its capital as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act). For this purpose, pursuant to Section 76F(4) of the Companies Act, the Company is solvent if at the date of the payment made by the Company in consideration of acquiring any right with respect to the purchase or acquisition of its Shares, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;

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## LETTER TO SHAREHOLDERS

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- (b) if:
  - (i) it is intended to commence the winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full as they fall due within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the Company will be able to pay its debt in full as they fall due within the period of 12 months immediately following the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after any purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

In determining whether a Company is solvent, the Directors may have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities.

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

- (a) the likelihood of the contingency occurring; and
- (b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use mainly internal resources and may from time to time utilise external borrowings and/or a combination of both to fund the Share Buy-back pursuant to the Share Buy-back Mandate.

The Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

### **2.7 Financial effects of the Share Buy-back Mandate**

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2020 and are not necessarily representative of future financial performance of the Group. While the Share Buy-back Mandate would authorize a purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or



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## LETTER TO SHAREHOLDERS

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acquisitions of Shares pursuant to the Share Buy-back Mandate may not be carried out up to the full 10% limit as authorized.

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions of Shares (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) that may be made pursuant to the Share Buy-back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. It should be noted that where the purchase or acquisition is made out of profits, the purchase price paid by the Company for the Shares (including brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase or acquisition is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced. 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. Share Buy-backs will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and prevailing market conditions. The Share Buy-back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Circular are based on the assumptions set out below.

### 2.7.1 Information as at the Latest Practicable Date

As at the Latest Practicable Date, (i) the issued and paid-up capital of the Company comprised 111,668,800 Shares (excluding treasury shares and subsidiary holdings); and (ii) the Company has 2,731,200 treasury shares and does not have any subsidiary holdings.

### 2.7.2 Illustrative financial effects

**For illustration purposes only**, and on the basis of the assumptions set out below as well as the following:

- (i) the Share Buy-backs had taken place on 1 June 2019, being the beginning of FY2020, for the purpose of computing the financial effects on EPS of the Company and the Group;
- (ii) the Share Buy-backs had taken place on 31 May 2020, being the end of FY2020, for the purpose of computing the financial effects on Shareholders' equity, NTA per Share, and current ratio of the Company and the Group;

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- (iii) the Share Buy-backs had not taken into account the actual acquisition or purchase of Shares by the Company pursuant to the Share Buy-back Mandate subsequent to 31 May 2020 up to the Latest Practicable Date (being the Market Purchase on 3 July 2020 of 13,500 Shares);
- (iv) the purchase or acquisition of Shares are funded solely by internal resources of the Group; and
- (v) transaction costs incurred during the purchase and acquisition of Shares pursuant to the Share Buy-back Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of:

- (a) the acquisition of 10% of the issued Shares by the Company pursuant to the Share Buy-back Mandate in a Market Purchase or Off-Market Purchase by way of purchases made entirely out of capital and Shares purchased are held as treasury shares ("**Scenario A**"); and
- (b) the acquisition of 10% of the issued Shares by the Company pursuant to the Share Buy-back Mandate in a Market Purchase or Off-Market Purchase by way of purchases made entirely out of capital and Shares purchased are cancelled ("**Scenario B**"),

on the audited financial statements of the Group for FY2020 are set out in the sections below.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buy-back Mandate by way of purchases made out of capital are set out in this Addendum.

### **Scenario A: Purchases made entirely out of capital and Shares purchased are held as treasury shares**

#### Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

- (a) the Maximum Price is S\$0.094 for each Share, being the price not more than 105% of the Average Closing Price of the Shares over the five (5) Market Days on which Shares were traded immediately preceding the Latest Practicable Date; and

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- (b) the maximum amount of funds required for the purchase or acquisition of 11,166,880 Shares under and during the duration of the Share Buy-back Mandate, is approximately S\$1,050,000 (equivalent to approximately RM3,195,000).

Based on the aforementioned assumptions, the impact of the Share Buy-back on the Group's audited financial statements for FY2020 is as follows:

(RM'000)	Before the Share Buy-back	After the Share Buy-back
<b>As at 31 May 2020</b>		
Share capital	51,850	51,850
Treasury shares	(910)	(4,105)
Retained earnings	20,293	20,293
Other reserves	(18,697)	(18,697)
Shareholders' equity	52,536	49,341
NTA	50,878	47,683
Current assets	64,715	61,520
Current liabilities	18,605	18,605
Working capital	46,110	42,915
Cash and cash equivalents	22,054	18,859
Profit attributable to equity holders of the Company for FY2020	2,964	2,964
Number of Shares outstanding as at 31 May 2020 <sup>(1)</sup> ('000)	111,682	100,515
Weighted average number of Shares as at 31 May 2020 ('000)	113,143	101,976
<b>Financial Ratios</b>		
NTA per Share <sup>(2)</sup> (RM cents)	45.56	47.44
EPS <sup>(3)</sup> (RM cents)	2.62	2.91
Current ratio <sup>(4)</sup> (times)	3.48	3.31

**Notes:**

- (1) Number of Shares outstanding is calculated based on the number of Shares outstanding as at 31 May 2020 of 111,682,300 Shares, adjusted for the Share Buy-back of 11,166,880 Shares, representing ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date of 111,668,800 Shares.
- (2) NTA per Share equals NTA (inclusive of non-controlling interests) divided by the number of issued Shares (excluding treasury shares and subsidiary holdings) outstanding as at 31 May 2020.
- (3) EPS is computed based on profit attributable to equity holders of the Company for FY2020 divided by the weighted average number of Shares as at 31 May 2020.
- (4) Current ratio equals current assets divided by current liabilities.

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### Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that:

- (a) the Maximum Price is S\$0.108 for each Share, being the price not more than 120% of the Average Closing Price of a Share over the five (5) Market Days on which Shares were traded immediately preceding the Latest Practicable Date; and
- (b) the maximum amount of funds required for the purchase or acquisition of 11,166,880 Shares under and during the duration of the Share Buy-back Mandate, is approximately S\$1,206,000 (equivalent to approximately RM3,671,000).

Based on the aforementioned assumptions, the impact of the Share Buy-back on the Group's audited financial statements for FY2020 is as follows:

<b>(RM'000)</b>	<b>Before the Share Buy-back</b>	<b>After the Share Buy-back</b>
<b>As at 31 May 2020</b>		
Share capital	51,850	51,850
Treasury shares	(910)	(4,581)
Retained earnings	20,293	20,293
Other reserves	(18,697)	(18,697)
Shareholders' equity	52,536	48,865
NTA	50,878	47,207
Current assets	64,715	61,044
Current liabilities	18,605	18,605
Working capital	46,110	42,439
Cash and cash equivalent	22,054	18,383
Profit attributable to equity holders of the Company for FY2020	2,964	2,964
Number of Shares outstanding as at 31 May 2020 <sup>(1)</sup> ('000)	111,682	100,515
Weighted average number of Shares as at 31 May 2020 ('000)	113,143	101,976
<b>Financial Ratios</b>		
NTA per Share <sup>(2)</sup> (RM cents)	45.56	46.97
EPS <sup>(3)</sup> (RM cents)	2.62	2.91
Current ratio <sup>(4)</sup> (times)	3.48	3.28

#### **Notes:**

- (1) Number of Shares outstanding is calculated based on the number of Shares outstanding as at 31 May 2020 of 111,682,300 Shares, adjusted for the Share Buy-back of 11,166,880 Shares, representing ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date of 111,668,800 Shares. The Company does not have any treasury shares and subsidiary holdings as at the Latest Practicable Date.
- (2) NTA per Share equals NTA (inclusive of non-controlling interests) divided by the number of issued Shares (excluding treasury shares and subsidiary holdings) outstanding as at 31 May 2020.
- (3) EPS is computed based on profit attributable to equity holders of the Company for FY2020 divided by the weighted average number of Shares as at 31 May 2020.
- (4) Current ratio equals current assets divided by current liabilities.

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### **Scenario B: Purchases made entirely out of capital and Shares purchased are cancelled**

#### Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

- (a) the Maximum Price is S\$0.094 for each Share, being the price not more than 105% of the Average Closing Price of the Shares over the five (5) Market Days on which Shares were traded immediately preceding the Latest Practicable Date; and
- (b) the maximum amount of funds required for the purchase or acquisition of 11,166,880 Shares under and during the duration of the Share Buy-back Mandate, is approximately S\$1,050,000 (equivalent to approximately RM3,195,000).

Based on the aforementioned assumptions, the impact of the Share Buy-back on the Group's audited financial statements for FY2020 is as follows:

<b>(RM'000)</b>	<b>Before the Share Buy-back</b>	<b>After the Share Buy-back</b>
<b>As at 31 May 2020</b>		
Share capital	51,850	48,655
Treasury shares	(910)	(910)
Retained earnings	20,293	20,293
Other reserves	(18,697)	(18,697)
Shareholders' equity	52,536	49,341
NTA	50,878	47,683
Current assets	64,715	61,520
Current liabilities	18,605	18,605
Working capital	46,110	42,915
Cash and cash equivalents	22,054	18,859
Profit attributable to equity holders of the Company for FY2020	2,964	2,964
Number of Shares outstanding as at 31 May 2020 <sup>(1)</sup> ('000)	111,682	100,515
Weighted average number of Shares as at 31 May 2020 ('000)	113,143	101,976
<b>Financial Ratios</b>		
NTA per Share <sup>(2)</sup> (RM cents)	45.56	47.44
EPS <sup>(3)</sup> (RM cents)	2.62	2.91
Current ratio <sup>(4)</sup> (times)	3.48	3.31

#### **Notes:**

- (1) Number of Shares outstanding is calculated based on the number of Shares outstanding as at 31 May 2020 of 111,682,300 Shares, adjusted for the Share Buy-back of 11,166,880 Shares, representing ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date of 111,668,800 Shares. The Company does not have any treasury shares and subsidiary holdings as at the Latest Practicable Date.

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- (2) NTA per Share equals NTA (inclusive of non-controlling interests) divided by the number of issued Shares (excluding treasury shares and subsidiary holdings) outstanding as at 31 May 2020.
- (3) EPS is computed based on profit attributable to equity holders of the Company for FY2020 divided by the weighted average number of Shares as at 31 May 2020.
- (4) Current ratio equals current assets divided by current liabilities.

### Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that:

- (a) the Maximum Price is S\$0.108 for each Share, being the price not more than 120% of the Average Closing Price of a Share over the five (5) Market Days on which Shares were traded immediately preceding the Latest Practicable Date; and
- (b) the maximum amount of funds required for the purchase or acquisition of 11,166,880 Shares under and during the duration of the Share Buy-back Mandate, is approximately S\$1,206,000 (equivalent to approximately RM3,671,000).

Based on the aforementioned assumptions, the impact of the Share Buy-back on the Group's audited financial statements for FY2020 is as follows:

<b>(RM'000)</b>	<b>Before the Share Buy-back</b>	<b>After the Share Buy-back</b>
<b>As at 31 May 2020</b>		
Share capital	51,850	48,179
Treasury shares	(910)	(910)
Retained earnings	20,293	20,293
Other reserves	(18,697)	(18,697)
Shareholders' equity	52,536	48,865
NTA	50,878	47,207
Current assets	64,715	61,044
Current liabilities	18,605	18,605
Working capital	46,110	42,439
Cash and cash equivalents	22,054	18,383
Profit attributable to equity holders of the Company for FY2020	2,964	2,964
Number of Shares outstanding as at 31 May 2020 <sup>(1)</sup> ('000)	111,682	100,515
Weighted average number of Shares as at 31 May 2020('000)	113,143	101,976
<b><u>Financial Ratios</u></b>		
NTA per Share <sup>(2)</sup> (RM cents)	45.56	46.97
EPS <sup>(3)</sup> (RM cents)	2.62	2.91
Current ratio <sup>(4)</sup> (times)	3.48	3.28

#### **Notes:**

- (1) Number of Shares outstanding is calculated based on the number of Shares outstanding as at 31 May 2020 of

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111,682,300 Shares, adjusted for the Share Buy-back of 11,166,880 Shares, representing ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date of 111,668,800 Shares. The Company does not have any treasury shares and subsidiary holdings as at the Latest Practicable Date.

- (2) NTA per Share equals NTA (inclusive of non-controlling interests) divided by the number of issued Shares (excluding treasury shares and subsidiary holdings) outstanding as at 31 May 2020.
- (3) EPS is computed based on profit attributable to equity holders of the Company for FY2020 divided by the weighted average number of Shares as at 31 May 2020.
- (4) Current ratio equals current assets divided by current liabilities.

### 2.8 Other applicable Catalist Rules

#### 2.8.1 Reporting requirements

The Catalist Rules 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.:

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

Such announcement (which must be in the form of Appendix 8D of the Catalist Rules) must include, *inter alia*, the details of the date of purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase or acquisition price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

#### 2.8.2 Restrictions on Share Buy-back

While the Catalist Rules does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate during the period

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commencing one (1) month immediately preceding the announcement of the Company's half-year and full year results.

### 2.8.3 Free float

Pursuant to Rule 723 of the Catalist Rules, the Company will ensure that any Shares purchased or acquired by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities). For this purpose, "**public**", as defined under the Catalist Rules, means persons other than the Directors, CEO, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, approximately 37,011,800 Shares or 33.14% of the issued Shares (excluding treasury shares and subsidiary holdings) are held by public Shareholders. Assuming that the Company carries out purchases or acquisitions of issued Shares to the full extent mandated, i.e. 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date of 11,166,880 Shares from members of the public, the number of issued Shares held in the hands of the public would be reduced to 25,844,920 Shares, representing approximately 25.72% of the total issued Shares (excluding any treasury shares and subsidiary holdings). The Company will not carry out any purchase or acquisition of Shares unless at least 10% of its listed securities can be maintained in the hands of public Shareholders and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

### 2.8.4 ACRA

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

Within 30 days of a purchase or acquisition of Shares on the Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *amongst others*, the details of the purchase including the date of purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

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 the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.



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### 2.9 Take-over obligations under the Take-over Code

Appendix 2 of the Take-over Code ("**Appendix 2**") 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 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 the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Pursuant to Rule 14 of the Take-over Code ("**Rule 14**"), a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, amongst others, 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.

#### 2.9.2 Persons acting in concert

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

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

- (a) a company with its parent company, subsidiaries, 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 persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (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;

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- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according 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 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.

### 2.9.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if 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 and subsidiary holdings shall be excluded.

Under Appendix 2, 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 Share Buy-back Mandate.

Shareholders (including Directors) and their concert parties who hold more than fifty per cent (50%) of the Company's voting rights are under no obligation to make a take-over offer if the voting

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rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

### 2.9.4 Application of the Take-over Code

As at the Latest Practicable Date, Rekaweb.com Sdn Bhd ("**RKW**") holds 43,235,250 Shares (representing approximately 37.79% of the total issued and paid up capital in the Company). RKW is an investment holding company. Yap Phaik Kwai, Chew Sue Ann and Chew Sue Lee hold 74.5%, 12.75% and 12.75% of the issued share capital of RKW respectively. Yap Phaik Kwai is the mother of Chew Sue Ann, the Executive Chairman and Group Managing Director. Chew Sue Lee is the sister of Chew Sue Ann (Yap Phaik Kwai, Chew Sue Lee and RKW collectively referred to as the "**Relevant Parties**"). As at the Latest Practicable Date, Chew Sue Ann owns 325,000 Shares (representing approximately 0.28% of the total issued and paid up capital in the Company). In aggregate, Chew Sue Ann and the Relevant Parties (who are presumed to be acting in concert with Chew Sue Ann) hold approximately 38.08% of the total issued and paid up capital in the Company.

Assuming that there is no change in the number of Shares held or deemed to be held by the Relevant Parties, the purchase or acquisition by the Company of the maximum limit of 10% of the issued and paid-up capital of the Company will result in an increase in the aggregate shareholding interest of Chew Sue Ann and the Relevant Parties by more than 1% in any period of six (6) months. Accordingly, Chew Sue Ann, would, unless exempted, be required to make a general offer under Rule 14.

As at the Latest Practicable Date, assuming (a) the Company purchases the maximum number of 10% of the issued Shares as at the Latest Practicable Date; and (b) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders of the Company maintained pursuant to Sections 164 and 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the purchase or acquisition of Shares were/will be as follows:

Name of Director and/or Substantial Shareholder	Before the Share Buy-back				After the maximum Share Buy-back permitted under the Share Buy-back Mandate			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Ordinary Shares	% <sup>(1)</sup>	No. of Ordinary Shares	% <sup>(1)</sup>	No. of Ordinary Shares	% <sup>(2)</sup>	No. of Ordinary Shares	% <sup>(2)</sup>
<i>Directors</i>								
Chew Sue Ann <sup>(3)</sup>	325,000	0.29	-	-	325,000	0.32	-	-
Zaffary Bin Ab Rashid	-	-	-	-	-	-	-	-
Hew Koon Chan	-	-	-	-	-	-	-	-

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Name of Director and/or Substantial Shareholder	Before the Share Buy-back				After the maximum Share Buy-back permitted under the Share Buy-back Mandate			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Ordinary Shares	% <sup>(1)</sup>	No. of Ordinary Shares	% <sup>(1)</sup>	No. of Ordinary Shares	% <sup>(2)</sup>	No. of Ordinary Shares	% <sup>(2)</sup>
<b>Directors</b>								
Wong Chin Chin	-	-	-	-	-	-	-	-
Margaret Au Yong	-	-	-	-	-	-	-	-
<b>Substantial Shareholder(s) (Other than Directors)</b>								
Koperasi Permodalan Felda Malaysia Berhad	23,207,750	20.78	-	-	23,207,750	23.09	-	-
Rekaweb.Com Sdn Bhd <sup>(4)</sup>	43,235,250	38.72	-	-	43,235,250	43.02	-	-
Yap Phaik Kwai <sup>(5)</sup>	-	-	43,235,250	38.72	-	-	43,235,250	43.02

**Notes:**

- (1) Based on the total issued and paid up capital of 111,668,800 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Based on the total issued and paid up capital of 100,501,920 Shares (excluding treasury shares and subsidiary holdings), assuming the purchase or acquisition by the Company of the maximum 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at Latest Practicable Date.
- (3) Of the 325,000 Shares, 166,666 Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.
- (4) All of the 43,235,250 Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.
- (5) Yap Phaik Kwai holds 74.5% of issued share capital of RKW and is deemed interested in the Shares held by RKW by virtue of Section 4 of the SFA.

### 2.9.5 Conditions for exemption from having to make a general offer under Rule 14

Pursuant to Section 3(a) of Appendix 2, Chew Sue Ann will be exempted from the requirement to make a general offer under Rule 14 as a result of any Share Buy-back carried out by the Company pursuant to the Share Buy-back Mandate, subject to the following conditions:

- (a) the Letter to Shareholders seeking their approval for the Share Buy-back Mandate will contain:
  - (i) advice to the effect that by voting in favour of the resolution to approve the Share Buy-back Mandate, Shareholders are waiving their rights to a general offer at the required price from Chew Sue Ann and parties acting in concert with her who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of 6 months; and
  - (ii) the names and voting rights of Chew Sue Ann and the Relevant Parties as at the date of

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the resolution and after the Company exercises the power under the Share Buy-back Mandate in full and purchases 10% of the issued Shares;

- (b) the resolution to renew the Share Buy-back Mandate is approved by a majority of Shareholders who are present and voting at the 2020 AGM on a poll who could not become obliged to make an offer as a result of the Share Buy-back by the Company pursuant to the Share Buy-back Mandate;
- (c) Chew Sue Ann and the Relevant Parties and/or persons acting in concert with them will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the renewal of Share Buy-back Mandate;
- (d) within seven (7) days after the passing of the resolution to approve the renewal of Share Buy-back Mandate, Chew Sue Ann submits to the SIC a duly signed form as prescribed by the SIC;
- (e) Chew Sue Ann and the Relevant Parties and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-back Mandate is imminent and the earlier of:
  - (i) the date on which the authority of the Share Buy-back Mandate expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to 30% or more; and

- (f) Chew Sue Ann and the Relevant Parties and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-back Mandate is imminent and the earlier of:
  - (i) the date on which the authority of the Share Buy-back Mandate expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months. It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the Share Buy-back and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a

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general offer under Rule 14 of the Takeover Code, or where such exemption had been granted, would continue to enjoy the exemption.

### 2.9.6 Form 2 Submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption as set out in paragraph 2.9.5(d) above from the requirement to make a Take-over Offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its Share Buy-back Mandate.

As at the Latest Practicable Date, Chew Sue Ann has informed the Company that she will be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buy-back Mandate.

### 2.9.7 Advice to Shareholders

**Shareholders should note that by voting for the ordinary resolution in relation to the proposed renewal of Share Buy-back Mandate, they are waiving their rights to a take-over offer at the required price from Chew Sue Ann and the Relevant Parties in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.**

Save as disclosed, 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, persons 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 by the Company pursuant to the Share Buy-back Mandate.

Appendix 2 of the Take-over Code requires that the resolution relating to the renewal of the Share Buy-back Mandate will be voted on by a poll and is to be approved by a majority of those Shareholders present and voting at the meeting who could not become obliged to make an offer under the Take-over Code as a result of the Share Buy-back.

### 2.10 **Reporting requirements under the Companies Act**

Within 30 days of the passing of a Shareholders' resolution to approve the Share Buy-back Mandate, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a Share Buy-back on the Official List of SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase or acquisition in the prescribed form, such notification including, amongst others, the type of purchase or acquisition, the class of Shares the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition and cancellation and after the purchase or

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acquisition and cancellation of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares (excluding stamp duty and other costs), the currency in which the consideration is paid for the purchase or acquisition of the shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company, the amount of capital used for purchase or acquisition of Shares (excluding stamp duty and other costs) and such other particulars as may be required in the prescribed form.

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 the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

### **2.11 Share purchases in the previous 12 months**

The Company purchased a total of 2,731,200 Shares by way of market acquisition in the 12 months preceding the Latest Practicable Date at a range of between S\$0.89 to S\$0.125 per Share. The total consideration paid was S\$301,336.88. These Shares are held in treasury.

### **2.12 Tax implications**

Shareholders who are in doubt as to their respective tax positions or the tax implications of the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate, or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

### **2.13 Interested persons**

The Company is prohibited from knowingly buying Shares on the Official List of SGX-ST from an interested person, that is, a Director, the CEO of the Company or Substantial Shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his/her Shares to the Company.

### **2.14 Limit on shareholdings**

The Company does not have any individual or foreign limit on the shareholding of any Shareholder.

## **3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST**

The interests of the Directors and Substantial Shareholders in the Shares as recorded in the Company's Register of Directors' Shareholdings and the Company's Register of Substantial Shareholders respectively as at the Latest Practicable Date are set out below:

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Name of Director and/or Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	% <sup>(1)</sup>	No. of Ordinary Shares	% <sup>(1)</sup>
<b>Directors</b>				
Chew Sue Ann <sup>(2)</sup>	325,000	0.29	-	-
Zaffary Bin Ab Rashid	-	-	-	-
Hew Koon Chan	-	-	-	-
Wong Chin Chin	-	-	-	-
Margaret Au Yong	-	-	-	-
<b>Substantial Shareholder(s) (Other than Directors)</b>				
Koperasi Permodalan Felda Malaysia Berhad	23,207,750	20.78	-	-
Rekaweb.Com Sdn Bhd <sup>(3)</sup>	43,235,250	38.72	-	-
Yap Phaik Kwai <sup>(4)</sup>	-	-	43,235,250	38.72

**Notes:**

- (1) Based on the total issued and paid up capital of 111,668,800 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Of the 325,000 Shares, 166,666 Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.
- (3) All 43,235,250 Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.
- (4) Yap Phaik Kwai holds 74.5% of issued share capital of RKW and is deemed interested in the Shares held by RKW by virtue of Section 4 of the SFA.

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective Associates has any interest, direct or indirect, in the proposed renewal of the Share Buy-back Mandate.

#### 4. ABSTENTION FROM VOTING

Chew Sue Ann will abstain, and will procure her Associates to abstain, from voting on the Ordinary Resolution in relation to the proposed renewal of the Share Buy-back Mandate pursuant to the conditions for exemption under Appendix 2 of the Take-over Code (as set out in Paragraph 2.9.5(c) above). Any votes cast by Chew Sue Ann and/or her Associates will be disregarded accordingly.

Chew Sue Ann will abstain and her Associates will also decline to accept appointment as proxies to attend and vote at the 2020 AGM, unless the Shareholder concerned have given specific instructions as to the manner in which their votes are to be cast in respect of the Ordinary Resolution.



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### 5. DIRECTORS' RECOMMENDATIONS

Save for Chew Sue Ann who has abstained from making any recommendation in respect of the proposed renewal of the Share Buy-back Mandate pursuant to the conditions for exemption under Appendix 2 of the Take-over Code (as set out in Paragraph 2.9.5(c) above), the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution for the proposed renewal of the Share Buy-back Mandate at the AGM.

### 6. INSPECTION OF DOCUMENTS

A copy of the following documents may be inspected at the registered office of the Company at 138 Robinson Road #26-03 Oxley Tower Singapore 068906, during normal business hours from the date of this Addendum up to and including the date of the 2020 AGM:

- (a) the Annual Report 2020; and
- (b) the Constitution.

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Addendum) collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading.

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

Yours faithfully

For and on behalf of the Board of Directors of  
**SHOPPER360 LIMITED**

Chua Kern  
Company Secretary