



AF GLOBAL LIMITED

(Company Registration No.: 197301118N)
(Incorporated in the Republic of Singapore)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
DATED 14 APRIL 2021
IN RELATION TO THE PROPOSED RENEWAL OF
THE SHARE PURCHASE MANDATE**

DEFINITIONS

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

“Act”	:	Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“AGM”	:	Annual General Meeting of the Company
“Board”	:	The board of directors of the Company
“CDP” or “Depository”	:	The Central Depository (Pte) Limited or any other corporation approved by the Monetary Authority of Singapore as a depository company or corporation for the purposes of the Securities and Futures Act (Cap. 289), which operates the Central Depository System for the holding and transfer of book-entry securities
“Company”	:	AF Global Limited
“Controlling Shareholder”	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company (unless the SGX-ST determines otherwise) or a person who in fact exercises control over the Company, as defined under the Listing Manual
“Depositor”	:	An account holder or a Depository Agent but does not include a sub-account holder
“Depository Agent”	:	A member of SGX-ST, a trust company (licensed under the Trust Companies Act (Cap. 336)), a bank licensed under the Banking Act (Cap. 19), any merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186) or any other person or body approved by the Depository who or which – (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between the Depository and the depository agent; (b) deposits book-entry securities with the Depository on behalf of the sub-account holders; and (c) establishes an account in its name with the Depository
“Depository Register”	:	A register maintained by the Depository in respect of book-entry securities
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EPS”	:	Earnings per Share
“FY2020”	:	Financial year ended 31 December 2020
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	1 April 2021, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for securities trading

DEFINITIONS

“NAV”	:	Net asset value attributable to Shareholders
“Off-Market Share Purchase”	:	A Share Purchase (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme (as defined under Section 76C of the Act) for the purchase of Shares from the Shareholders
“On-Market Share Purchase”	:	A Share Purchase effected on the SGX-ST through ready market, through one or more duly licensed stockbroker appointed by the Company for the purpose
“Registrar”	:	Registrar of Companies appointed under the Act and includes any Deputy or Assistant Registrar of Companies
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with the Shares
“Share Purchase”	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	The proposed general mandate to authorise the directors of the Company to purchase, on behalf of the Company, Shares in accordance with the terms as set out in this Appendix
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person who has an interest (direct or indirect) in not less than 5% of the issued voting Shares of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
“S\$” and “cents”	:	Singapore dollars and cents respectively
“%”	:	Percentage or per centum

The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Act.

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

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

DEFINITIONS

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 Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

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

Any discrepancies in figures included in this Appendix between the amounts listed 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.

For the purpose of this Appendix, Dentons Rodyk & Davidson LLP has been appointed as the legal counsel to the Company in relation to Singapore Law.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1 INTRODUCTION

- 1.1 At an AGM held on 11 June 2020, the Shareholders had approved the renewal of a share purchase mandate (the “**2020 Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire its issued Shares as permitted under and in accordance with the provisions of the Act. The rationale for, the authority and limits on, and the financial effects of, the 2020 Share Purchase Mandate were set out in the Company’s Appendix to the Notice of AGM dated 21 May 2020 to the Shareholders.
- 1.2 The 2020 Share Purchase Mandate was expressed, *inter alia*, to continue in force until (i) the date on which the next AGM is held or required by law to be held; or (ii) the date on which the Share Purchases are carried out to the full extent mandated; or (iii) the date on which the authority conferred by the 2020 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.
- 1.3 The 2020 Share Purchase Mandate would be expiring on 29 April 2021, being the date of the forthcoming AGM. The Directors propose that approval for the renewal of the Share Purchase Mandate be sought at the AGM (the “**2021 Share Purchase Mandate**”).
- 1.4 The purpose of this Appendix is to provide Shareholders with information relating to the proposed 2021 Share Purchase Mandate.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Appendix. Shareholders who are in any doubt as to the course of action they should take, should consult their stockbrokers or other professional advisers immediately.

2 RATIONALE FOR THE SHARE PURCHASE MANDATE

- 2.1 The proposed 2021 Share Purchase Mandate will continue to give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the validity period of the 2021 Share Purchase Mandate. The Directors believe that the 2021 Share Purchase Mandate provides the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group’s working capital requirements in an expedient and cost-efficient manner. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation.
- 2.2 If and when circumstances permit, the Directors will decide whether to effect the Share Purchases *via* On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.
- 2.3 The Share Purchases would be made only as and when the Directors consider it to be in the best interests of the Company and in appropriate circumstances which the Directors believe will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the gearing level of the Group.

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3 AUTHORITY AND LIMITS ON THE SHARE PURCHASE MANDATE

The authority and limits placed on the Share Purchases under the proposed 2021 Share Purchase Mandate are set out below:–

3.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the 2021 Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the forthcoming AGM at which approval for the 2021 Share Purchase Mandate is being sought (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the period commencing from the forthcoming AGM and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, in which event the total number of issued Shares shall be taken to be the amount of issued Shares as altered). Under the Act, any Shares which are held as Treasury Shares will be disregarded for the purpose of computing the maximum limit as permitted under the 2021 Share Purchase Mandate.

The Company does not hold any Treasury Shares and does not have any subsidiary holdings as at the Latest Practicable Date.

Pursuant to Rule 882 of the Listing Manual, unless a lower limit is prescribed under the Company's law of incorporation, the number of Shares which the Company may purchase or acquire pursuant to the 2021 Share Purchase Mandate shall not exceed 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in each class as at the date of the forthcoming AGM.

As at the Latest Practicable Date, there are 236,138,563 Shares in the hands of public Shareholders, representing approximately 22.37% of the total number of issued Shares excluding Treasury Shares. Therefore, in order to maintain a public float of not less than 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings), on the basis of 1,055,639,464 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued or purchased by the Company on or before the date of the AGM, the Company shall not purchase or acquire more than 105,563,946 issued Shares (representing 10% of the total number of issued Shares as at that date) pursuant to the proposed 2021 Share Purchase Mandate during the duration referred to in Section 3.2(a) of this Appendix.

3.2 Duration of Authority

(a) Under the 2021 Share Purchase Mandate, Share Purchases may be made, at any time and from time to time, on and from the date of the AGM, at which the proposed renewal of the 2021 Share Purchase Mandate is approved, up to:–

- (i) the date on which the next AGM is held or required by law to be held;
- (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the 2021 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

(b) The authority conferred on the Board by the 2021 Share Purchase Mandate to purchase Shares may be renewed at the next AGM.

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3.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:–
 - (i) an On-Market Share Purchase; and/or
 - (ii) an Off-Market Share Purchase.

- (b) The Directors may impose such terms and conditions as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes; and which are not inconsistent with the 2021 Share Purchase Mandate, the Listing Manual and the Act. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–
 - (i) offers under such scheme(s) are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–
 - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

- (c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:–
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptance;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Purchases made by the Company during the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

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3.4 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the 2021 Share Purchase Mandate must not exceed:–
 - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
 - (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,(the “**Maximum Price**”) in either case, excluding related expenses of the Share Purchase.
- (c) For the above purposes, “**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which the purchases are made.

4 STATUS OF PURCHASED SHARES

4.1 Under Section 76B of the Act, any Share which is purchased by the Company shall be deemed cancelled immediately on purchase, unless held as a Treasury Share, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. 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.

4.2 Some of the provisions on Treasury Shares under the Act are summarised below:–

(a) Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares (which includes Treasury Shares) and the Company shall be entered in the Register of Members of the Company or the Depository Register, as the case may be, as the member holding those 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 Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members of the Company on winding up) may be made, to the Company in respect of the Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a sub-division or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number, as the case may be, is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as the total value of the Treasury Shares before the sub-division or consolidation, as the case may be.

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(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:-

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for the Company's employees, directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

4.3 The Shares purchased under the 2021 Share Purchase Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the prevailing circumstances and requirements of the Company at the relevant time.

4.4 In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:-

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

5 REPORTING REQUIREMENTS

5.1 Within 30 days of the passing of a Shareholders' resolution to approve or renew the 2021 Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar.

5.2 The Company shall lodge with the Registrar a notice of Share Purchase within 30 days of such Share Purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Treasury Shares held, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

5.3 Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the Act, the Company shall lodge with the Registrar a notice of the cancellation or disposal of Treasury Shares with such particulars as may be required in the prescribed form.

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6 SOURCE OF FUNDS

- 6.1 The Company may only apply funds for the Share Purchases in accordance with the Constitution of the Company and applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash and in the case of an On-Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.
- 6.2 The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.
- 6.3 The Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced but instead, the issued share capital of the Company will be reduced. The Act further stipulates that such consideration for the purchase of Shares shall include brokerage, stamp duties, commission, applicable goods and services tax and other related expenses incurred directly in the purchase.

7 FINANCIAL EFFECTS

- 7.1 The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.
- 7.2 **For illustrative purposes only**, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for FY2020, are prepared assuming the following:–
- (a) the Share Purchases comprised 105,563,946 Shares (representing 10% of the 1,055,639,464 issued Shares as at the Latest Practicable Date);
 - (b) in the case of On-Market Share Purchases, the Maximum Price was S\$0.07 (being 5% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases would amount to approximately S\$7.4 million;
 - (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$0.08 (being 20% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S\$8.4 million;
 - (d) the Share Purchases in Section 7.2(a) above were made entirely out of the Company's capital;
 - (e) the Share Purchases took place on 1 January 2021; and
 - (f) the Share Purchases were financed entirely by external borrowings at an interest rate of 5% per annum.

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(i) On-Market Share Purchases

	← Group →			← Company →		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held as Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held as Treasury Shares S\$'000
<u>As at 31 December 2020</u>						
Share capital	209,518	202,129	209,518	209,518	202,129	209,518
Treasury Shares ⁽¹⁾	–	–	(7,389)	–	–	(7,389)
Other reserves	52,791	52,791	52,791	–	–	–
(Accumulated losses)/ revenue reserve	(28,153)	(28,522)	(28,522)	57,170	56,801	56,801
	234,156	226,398	226,398	266,688	258,930	258,930
Non-controlling interests	59,585	59,585	59,585	–	–	–
Total equity	293,741	285,983	285,983	266,688	258,930	258,930
NAV	234,156	226,398	226,398	266,688	258,930	258,930
Current assets	84,929	84,929	84,929	615	615	615
Current liabilities	18,366	18,735	18,735	9,607	9,976	9,976
Total borrowings	24,551	32,309	32,309	11,800	19,558	19,558
Cash and short-term deposits	16,643	16,643	16,643	472	472	472
Net borrowings ⁽²⁾	7,908	15,666	15,666	11,328	19,086	19,086
(Loss)/Profit after tax and non-controlling interests for FY2020	(4,877)	(5,246)	(5,246)	1,787	1,418	1,418
Number of Shares as at 31 December 2020 ('000)	1,055,639	950,075	950,075	1,055,639	950,075	950,075
Weighted average number of Shares for FY2020 (‘000)	1,055,639	950,075	950,075	1,055,639	950,075	950,075
<u>Financial Ratios</u>						
NAV per Share (S\$) ⁽³⁾	0.22	0.24	0.24	0.25	0.27	0.27
Gross debt gearing (times) ⁽⁴⁾	0.08	0.11	0.11	0.04	0.08	0.08
Net debt gearing (times) ⁽⁵⁾	0.03	0.05	0.05	0.04	0.07	0.07
Current ratio (times) ⁽⁶⁾	4.62	4.53	4.53	0.06	0.06	0.06
EPS (cents) ⁽⁷⁾	(0.46)	(0.55)	(0.55)	0.17	0.15	0.15

Notes:–

- (1) “Treasury Shares” represents Shares purchased pursuant to the 2021 Share Purchase Mandate which were not cancelled.
- (2) “Net borrowings” represents total borrowings less cash and short-term deposits.
- (3) “NAV per Share” represents NAV divided by the number of Shares as at 31 December 2020.
- (4) “Gross debt gearing” represents total borrowings divided by total equity.
- (5) “Net debt gearing” represents net borrowings divided by total equity.
- (6) “Current ratio” represents current assets divided by current liabilities.
- (7) “EPS” represents profit after tax and non-controlling interests for FY2020 divided by the weighted average number of Shares for FY2020.

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(ii) **Off-Market Share Purchases**

	← Group →			← Company →		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held as Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held as Treasury Shares S\$'000
<u>As at 31 December 2020</u>						
Share capital	209,518	201,073	209,518	209,518	201,073	209,518
Treasury Shares ⁽¹⁾	–	–	(8,445)	–	–	(8,445)
Other reserves	52,791	52,791	52,791	–	–	–
(Accumulated losses)/ revenue reserve	(28,153)	(28,575)	(28,575)	57,170	56,748	56,748
	234,156	225,289	225,289	266,688	257,821	257,821
Non-controlling interests	59,585	59,585	59,585	–	–	–
Total Equity	293,741	284,874	284,874	266,688	257,821	257,821
NAV	234,156	225,289	225,289	266,688	257,821	257,821
Current assets	84,929	84,929	84,929	615	615	615
Current liabilities	18,366	18,788	18,788	9,607	10,029	10,029
Total borrowings	24,551	33,418	33,418	11,800	20,667	20,667
Cash and short-term deposits	16,643	16,643	16,643	472	472	472
Net borrowings ⁽²⁾	7,908	16,775	16,775	11,328	20,195	20,195
(Loss)/Profit after tax and non-controlling interests for FY2020	(4,877)	(5,299)	(5,299)	1,787	1,365	1,365
Number of Shares as at 31 December 2020 ('000)	1,055,639	950,075	950,075	1,055,639	950,075	950,075
Weighted average number of Shares for FY2020 (‘000)	1,055,639	950,075	950,075	1,055,639	950,075	950,075
<u>Financial Ratios</u>						
NAV per Share (S\$) ⁽³⁾	0.22	0.24	0.24	0.25	0.27	0.27
Gross debt gearing (times) ⁽⁴⁾	0.08	0.12	0.12	0.04	0.08	0.08
Net debt gearing (times) ⁽⁵⁾	0.03	0.06	0.06	0.04	0.08	0.08
Current ratio (times) ⁽⁶⁾	4.62	4.52	4.52	0.06	0.06	0.06
EPS (cents) ⁽⁷⁾	(0.46)	(0.56)	(0.56)	0.17	0.14	0.14

Notes:–

- (1) “Treasury Shares” represents Shares purchased pursuant to the 2021 Share Purchase Mandate which were not cancelled.
- (2) “Net borrowings” represents total borrowings less cash and short-term deposits.
- (3) “NAV per Share” represents NAV divided by the number of Shares as at 31 December 2020.
- (4) “Gross debt gearing” represents total borrowings divided by total equity.
- (5) “Net debt gearing” represents net borrowings divided by total equity.
- (6) “Current ratio” represents current assets divided by current liabilities.
- (7) “EPS” represents profit after tax and non-controlling interests for FY2020 divided by the weighted average number of Shares for FY2020.

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The financial effects set out above are purely for illustrative purposes only. Although the proposed 2021 Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares as at the date that the 2021 Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares in full.

8 TAX IMPLICATIONS ARISING FROM SHARE PURCHASES

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

9 LISTING MANUAL

9.1 The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9.00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details as the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

9.2 While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the Company will not undertake Share Purchases after a price sensitive development has occurred and/or has been a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not buy any Shares during the period commencing 1 month before the announcement of the Company's half-year and full year financial statements, as the case may be, and ending on the date of announcement of the relevant results.

9.3 The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company or its subsidiaries, as well as the associates of such persons. Based on information available to the Company as at the Latest Practicable Date, there are 236,138,563 Shares in the hands of public Shareholders, representing approximately 22.37% of the total number of issued Shares excluding Treasury Shares. In undertaking any Share Purchases, the Directors will ensure that a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares. Accordingly, in order to maintain a public float of not less than 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings), the Company shall not purchase or acquire more than 105,563,946 Shares (or 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings)) pursuant to this 2021 Share Purchase Mandate.

10 TAKE-OVER CODE IMPLICATIONS ARISING FROM SHARE PURCHASES

10.1 The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased by the Company and the Company's total number of Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

10.2 Under the Take-over Code, persons acting in concert or concert parties 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) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) 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.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) 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.

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.

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- 10.3 The circumstances under which Shareholders (including directors of the Company) 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 Rule 14 and Appendix 2 of the Take-over Code ("**Appendix 2**").
- 10.4 In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such directors and their concert parties would increase to 30% or more, or, in the event that such directors and their concert parties hold between 30% and 50% of the voting rights in the Company, the voting rights of such directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such directors and their concert parties, Treasury Shares and subsidiary holdings shall be excluded.
- 10.5 Under Appendix 2, a Shareholder not acting in concert with the directors of the Company 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 voting rights in the Company, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the 2021 Share Purchase Mandate.
- 10.6 Shareholders and their concert parties will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of 6 months.
- 10.7 If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by its Shareholders at the latest AGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

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- 10.8 Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the percentage shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the 2021 Share Purchase Mandate, assuming (i) the Company purchases up to the maximum limit of 10% of the total number of issued Shares as permitted by the 2021 Share Purchase Mandate, and (ii) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:–

	← Before Share Purchases (Number of Shares) →			Before Share Purchases % ⁽³⁾	After Share Purchases % ⁽⁴⁾
	Direct Interest	Deemed Interest	Total Interest		
Director					
Koh Wee Seng ⁽¹⁾⁽³⁾	8,629,075	441,857,365	450,486,440	42.68	47.72
Chay Yue Kai	–	–	–	–	–
Periakaruppan Aravindan	505,665	–	505,665	0.048	0.053
Woo Peng Kong	–	–	–	–	–
Yeo Wee Kiong	–	–	–	–	–
Ong Tuen Suan	–	–	–	–	–
Substantial Shareholder					
Aspial Corporation Limited ("Aspial")	440,691,785	–	440,691,785	41.75	46.38
MLHS Holdings Pte Ltd ("MLHS") ⁽¹⁾	–	440,691,785	440,691,785	41.75	47.72
Koh Wee Seng ⁽¹⁾⁽³⁾	8,629,075	441,857,365	450,486,440	42.68	47.72
Ko Lee Meng ⁽¹⁾	4,761,280	440,691,785	445,453,065	42.20	46.89
Koh Lee Hwee ⁽¹⁾	182,000	440,691,785	440,873,785	41.76	46.40
Koh Wee Meng ⁽²⁾	326,265,000	4,363,588	330,628,588	31.32	34.80

Notes:–

- (1) MLHS holds more than 50% of the issued shares of Aspial and is deemed to have an interest in the Shares in which Aspial has an interest. Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee each holds not less than 20% of the issued shares of MLHS and are deemed to have an interest in the Shares in which MLHS has an interest.
- (2) Pursuant to Section 7 of the Act, Koh Wee Meng is deemed interested in the 4,363,588 Shares held by Fragrance Group Limited ("FGL") by virtue of him holding more than 50% of the issued share capital of FGL.
- (3) Koh Wee Seng is deemed interested in the 440,691,785 Shares held by Aspial and 1,165,580 Shares held by his spouse.
- (4) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 1,055,639,464 Shares.
- (5) As a percentage of the total number of issued Shares, comprising 950,075,518 Shares (assuming that the Company purchases the maximum number of 105,563,946 Shares under the 2021 Share Purchase Mandate).

- 10.9 As at the Latest Practicable Date, based on the number of Shares held as set out in Section 10.8 of this Appendix, in the event that the Company undertakes Share Purchases of up to 10% of the issued share capital of the Company as permitted under the 2021 Share Purchase Mandate, the shareholdings and voting rights of Koh Wee Seng, who is Chairman and Non-Executive Director, the Substantial Shareholders and their concert parties (as defined in the Take-over Code), namely, Aspial, Koh Wee Seng, Ko Lee Meng, Koh Lee Hwee, MLHS and Koh Wee Meng aggregating approximately 74.46%, will remain above 50%. Accordingly, no general offer is required to be made pursuant to the Take-over Code.

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10.10 Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Purchases by the Company.

11 DETAILS OF SHARE PURCHASES DURING THE PREVIOUS 12 MONTHS

The Company did not buy-back any Shares within the 12 months preceding the Latest Practicable Date.

12 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the 2021 Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of ordinary resolution 6, being the ordinary resolution relating to the proposed 2021 Share Purchase Mandate, at the AGM.

13 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 2021 Share Purchase 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.

Yours faithfully
For and on behalf of the Board of Directors of
AF Global Limited

Chay Yue Kai
Chief Executive Officer

