APPENDIX DATED 9 APRIL 2020

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

This Appendix is circulated to the shareholders (the "**Shareholders**") of Bumitama Agri Ltd. (the "**Company**") together with the Annual Report 2019 (as defined herein). The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information pertaining to: (a) the proposed renewal of the Share Buyback Mandate (as defined herein); and (b) the proposed modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions (as defined here), and to seek Shareholders' approval of the same at the annual general meeting of the Company to be held on **24 April 2020 at 10.30 a.m. at 10 Anson Road, #11-19 International Plaza, Singapore 079903**.

The notice of annual general meeting of the Company (the "**Notice of AGM**") and the relevant proxy form are enclosed with the Annual Report 2019.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2019 (including the Notice of AGM and the relevant proxy form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund ("**CPF**") monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this document including the correctness of any of the statements made, reports contained or opinions expressed in this document.

BUMITAMA AGRI LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200516741R)

APPENDIX TO THE ANNUAL REPORT 2019

IN RELATION TO

(A) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE (AS DEFINED HEREIN); AND

(B) THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION (AS DEFINED HEREIN) AND ITS ASSOCIATES (AS DEFINED HEREIN)

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In this Appendix, the following definitions apply throughout unless otherwise stated:

"***AGM***"	:	Annual general meeting of the Company. Unless the context otherwise requires, "**AGM**" shall refer to the annual general meeting of the Company to be held on 24 April 2020;
"***Annual Report 2019***"	:	The Company's annual report for the financial year ended 31 December 2019;
"***Appendix***"	:	This appendix to the Annual Report 2019;
"***associate***"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
"***associated company***"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group;
"***Audit Committee***"	:	The audit committee of the Company which comprises Mr. Lee Lap Wah George, Mr. Lim Hung Siang and Mr. Lawrence Lua Gek Pong as at the Latest Practicable Date;
"***Average Closing Price***"	:	Has the meaning ascribed to it in Section 2.3(d) of this Appendix;
"***BAS***"	:	PT Berkat Agro Sawitindo;
"***Board***"	:	The board of Directors of the Company as at the Latest Practicable Date;
"***CDP***"	:	The Central Depository (Pte) Limited;
"***CEO***"	:	Chief Executive Officer;
"***Company***"	:	Bumitama Agri Ltd.;
"***Companies Act***"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time;
"***Constitution***"	:	The constitution of the Company;

"***Controlling Shareholder***"	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in a 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 a company;
"***CPO***"	:	Crude palm oil;
"***day of the making of the offer***"	:	Has the meaning ascribed to it in Section 2.3(d) of this Appendix;
"***Directors***"	:	The directors of the Company as at the Latest Practicable Date;
"***EPS***"	:	Earnings per Share;
"***FFB***"	:	Fresh palm fruit bunches ;
"***FY***"	:	Financial year ended or ending 31 December, as the case may be;
"***Group***"	:	The Company and its subsidiaries;
"***Hariyantos***"	:	Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto;
"***IOI Corporation***"	:	IOI Corporation Berhad;
"***IOI Group***"	:	IOI Corporation Berhad and its subsidiaries;
"***Latest Practicable Date***"	:	12 March 2020, being the latest practicable date prior to the printing of this Appendix;
"***Listing Manual***"	:	The listing manual of the SGX-ST applicable to an entity listed on the SGX-Mainboard, as amended or modified from time to time;
"***Market Acquisitions***"	:	Has the meaning ascribed to it in Section 2.3(c)(i) of this Appendix;
"***Market Day***"	:	A day on which the SGX-ST is open for trading of securities;
"***Maximum Price***"	:	Has the meaning ascribed to it in Section 2.3(d) of this Appendix;
"***NAV***"	:	Net asset value;
"***Notice***"	:	The Notice of AGM dated 9 April 2020;
"***Off-Market Acquisitions***"	:	Has the meaning ascribed to it in Section 2.3(c)(ii) of this Appendix;
"***Oleander***"	:	Oleander Capital Resources Pte Ltd;
"***PK***"	:	Palm kernel;

"***Prospectus***"	:	The Company's prospectus dated 3 April 2012;
"***Purchase Price***"	:	Has the meaning ascribed to it in Section 2.6(a) of this Appendix;
"***Securities Account***"	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account maintained with a depository agent;
"***Securities and Futures Act***"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time;
"***SGX-Mainboard***"	:	The Mainboard of the SGX-ST;
"***SGX-ST***"	:	Singapore Exchange Securities Trading Limited;
"***Share Buyback***"	:	Buyback of Shares by the Company pursuant to the Share Buyback Mandate;
"***Share Buyback Mandate***"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual;
"***Shareholders***"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the persons whose Securities Accounts maintained with CDP are credited with the Shares;
"***Shareholders' Mandate for IOI Transactions***"	:	Shareholders' mandate for interested person transactions with IOI Corporation and its associates;
"***Shareholder Mandate for SNA Transaction***"	:	Shareholders' mandate for interested person transactions with the SNA Group;
"***Shares***"	:	Ordinary shares in the share capital of the Company;
"***SNA***"	:	PT Sawit Nabati Agro;
"***SNA Group***"	:	SNA and BAS and their subsidiaries;
"***Substantial Shareholder***"	:	A Shareholder who has an interest in not less than 5% of the issued Shares;
"***Take-Over Code***"	:	The Singapore Code on Take-Overs and Mergers, as amended or modified from time to time;
"***IDR***"	:	Indonesian Rupiah;
"***S$***" and "***cents***"	:	Singapore dollars and cents, respectively;
"***US$***"	:	United States Dollars; and
"***%***" 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 81 SF of the Securities and Futures Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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

Any discrepancies in the tables included herein between the listed amounts and 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.

BUMITAMA AGRI LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200516741R)

Board of Directors:

Mr. Lim Gunawan Hariyanto (Executive Chairman and CEO)
Ms. Lim Christina Hariyanto (Executive Director)
Dato' Lee Yeow Chor (Non-Executive Director)
Mr. Lee Lap Wah George (Lead Independent Director)
Mr. Lim Hung Siang (Independent Director)
Mr. Lawrence Lua Gek Pong (Independent Director)

Registered Office:

10 Anson Road,
#11-19, International Plaza,
Singapore 079903

9 April 2020

To: The Shareholders of the Company

Dear Sir/Madam

(A) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

(B) THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES

1. INTRODUCTION

The Directors of the Company propose to table: (a) the renewal of the Share Buyback Mandate; and (b) the modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions at the forthcoming AGM of the Company to be held on 24 April 2020 at 10.30 a.m. at 10 Anson Road, #11-19 International Plaza, Singapore 079903.

The purpose of this Appendix, which is circulated together with the Annual Report 2019, is to provide Shareholders with information relating to, and to seek their approval for: (a) the proposed renewal of the Share Buyback Mandate; and (b) the proposed modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

The Share Buyback Mandate was first obtained at the Company's AGM held on 25 April 2014 and was last renewed at the Company's AGM held on 22 April 2019, such mandate being expressed to take effect from the passing of the relevant resolution until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the forthcoming AGM to be held on 24 April 2020, to take effect from the passing of the relevant resolution until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

The terms of the mandate for the Share Buyback by the Company in respect of which the Share Buyback Mandate is sought to be renewed are set out in this Appendix for the easy reference of the Shareholders.

2.1. Rationale

The Share Buyback Mandate would give the Company the flexibility to undertake the Share Buyback at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force. A Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, the Share Buyback provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors also expect that the Share Buyback may also help mitigate against short term market volatility and offset the effects of short term speculation. The Share Buyback will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The Share Buyback may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the EPS and/or NAV per Share, and will only be made when the Directors believe that such Share Buyback would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

2.2. Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Constitution, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

Pursuant to Rule 881 of the Listing Manual, a company which wishes to purchase or acquire its own shares should obtain the prior specific approval of its shareholders to do so at a general meeting. Approval was obtained from Shareholders at the Company's AGM held on 22 April 2019 for the renewal of the Share Buyback Mandate. With such approval, the Share Buyback Mandate was renewed with effect from 22 April 2019 and will continue in force until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

Accordingly, approval is being sought from Shareholders at the forthcoming AGM for the renewal of the Share Buyback Mandate for the purchase by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the date of the AGM and will continue in force until the earliest of: (a) the date on which the next AGM is held or is required by law or the Constitution to be held, whichever is earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

2.3. Terms of the Mandate

The authority and limitations placed on the Share Buyback under the Share Buyback Mandate are summarised below:

(a) Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

Pursuant to Rule 882 of the Listing Manual, unless a lower limit is prescribed by the Constitution, the total number of Shares that may be purchased or acquired shall not exceed 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the AGM at which the Share Buyback Mandate is approved, unless: (i) the Company has, at any time during the relevant period, reduced its share capital by a special resolution under Section 78B or Section 78C of the Companies Act; or (ii) the court has, at any time during the relevant period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event, the total number of issued Shares excluding treasury shares and subsidiary holdings shall be taken to be the total number of issued Shares excluding treasury shares and subsidiary holdings as altered.

For illustrative purposes only, based on the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company of 1,737,497,044 Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 173,749,704 Shares (representing 10% of the total number of issued and paid-up Shares excluding treasury shares and subsidiary holdings as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

(b) Duration of Authority

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

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

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

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

(c) Manner of Purchases or Acquisition of Shares

Pursuant to Rule 882 of the Listing Manual, purchases or acquisitions of Shares by the Company may only be made by way of:

(i) on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed ("**Market Acquisitions**"); or

(ii) off-market acquisitions in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Acquisitions**").

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Constitution, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under Section 76C(6) of the Companies Act, an equal access scheme must satisfy all the following conditions:

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

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

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

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

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

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

In addition, Rule 885 of the Listing Manual provides that, in making Off-Market Acquisitions, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Buyback;

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

(v) whether the Share Buyback, if made, could affect the listing of the Shares on the SGX-ST;

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

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

(d) Maximum Purchase Price

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

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

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

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

For the above purposes:

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

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

2.4. Status of Purchased Shares under the Share Buyback Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired out of the capital of the Company and the amount of the share capital of the Company shall be reduced accordingly.

2.5. Treasury Shares

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

(a) Maximum Holdings

As the Company only has shares of one class, the number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares and any purported exercise of such a right is void. 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 (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

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

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

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

2.6. Source of Funds for Share Buyback

In the Share Buyback, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase or acquire Shares on the Official List of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Share Buyback by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");

(b) if the Shares are purchased or acquired entirely out of the profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to fund the Company's purchases or acquisitions of Shares pursuant to the Share Buyback Mandate. The Directors do not propose to exercise the Share Buyback 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 Buyback 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 FY2019 and are not necessarily representative of the future financial performance of the Group. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company, the Company may not necessarily purchase or acquire, or be able to purchase or acquire, 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings in full.

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

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, and the expansion and investment plans of the Group, as well as the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group. The financial effects presented in this section of this Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,757,531,844 Shares, of which 20,034,800 Shares are held by the Company as treasury shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 1,737,497,044 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued and no further Shares are held by the Company as treasury shares on or prior to the AGM, the purchase by the Company of 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings will result in the purchase of 173,749,704 Shares.

In the case of Market Acquisitions by the Company and assuming that the Company purchases or acquires 173,749,704 Shares at the Maximum Price of S$0.5190 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 173,749,704 Shares is approximately S$90,176,096 (equivalent to approximately IDR 933 billion, based on the exchange rates of S$1 : US$0.7202 and US$1: IDR 14,367).

In the case of Off-Market Acquisitions by the Company in accordance with equal access scheme(s) and assuming that the Company purchases or acquires 173,749,704 Shares at the Maximum Price of S$0.5930 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 173,749,704 Shares is approximately S$103,033,574 (equivalent to approximately IDR 1,066 billion, based on the exchange rates of S$1 : US$0.7202 and US$1 : IDR 14,367).

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

(i) the Share Buyback Mandate had been effective on 1 January 2019;

(ii) the exchange rates of S$1 : US$0.7202 and US$1 : IDR14,367 were adopted;

(iii) the funds required for such Share purchases or acquisitions are supplied by internal resources (including through intra-Group loans); and

(iv) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects, the financial effects on the audited consolidated financial results of the Group and the Company for FY2019, are set out below:

Shares repurchased are cancelled

	The Group			
	Market Acquisition		Off-Market Acquisition	
As at 31 December 2019	Before the Share Buyback IDR million	After the Share Buyback IDR million	Before the Share Buyback IDR million	After the Share Buyback IDR million
Share capital	1,807,045	1,212,653	1,807,045	1,127,904
Treasury shares	(147,449)	(147,449)	(147,449)	(147,449)
Other reserves	(201,717)	(201,717)	(201,717)	(201,717)
Retained earnings	6,814,530	6,814,530	6,814,530	6,814,530
Foreign currency translation reserve	(190,363)	(529,033)	(190,363)	(577,322)
Non-controlling interests	1,349,134	1,349,134	1,349,134	1,349,134
Total shareholders' equity	9,431,180	8,498,118	9,431,180	8,365,080
Non-current assets	14,938,210	14,938,210	14,938,210	14,938,210
Current assets	2,505,958	2,505,958	2,505,958	2,505,958
Current liabilities	(1,720,521)	(1,720,521)	(1,720,521)	(1,720,521)
Non-current liabilities	(6,292,467)	(7,225,529)	(6,292,467)	(7,358,567)
Total net assets	9,431,180	8,498,118	9,431,180	8,365,080
Total borrowings	6,722,314	7,655,376	6,722,314	7,788,414
Cash and Bank Balance	503,753	503,753	503,753	503,753
Number of shares outstanding as at 31 December 2019 ('000)	1,737,497	1,563,747	1,737,497	1,563,747
Weighted average number of shares outstanding during the year ended 31 December 2019 ('000)	1,749,227	1,574,305	1,749,227	1,574,305
Financial Ratios				
NAV per share (IDR)[1]	4,652	4,572	4,652	4,487
Gearing[2]	0.66	0.84	0.66	0.87
EPS (IDR)[3]	392	436	392	436

Notes:

(1) NAV per Share equals to total net assets divided by the number of Shares outstanding as at 31 December 2019.

(2) Gearing equals to total bank and other borrowings net of cash and cash equivalents divided by total shareholders' equity.

(3) EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 31 December 2019.

	The Company			
	Market Acquisition		Off-Market Acquisition	
As at 31 December 2019	Before the Share Buyback IDR million	After the Share Buyback IDR million	Before the Share Buyback IDR million	After the Share Buyback IDR million
Share capital	1,807,045	1,212,653	1,807,045	1,127,904
Treasury shares	(147,449)	(147,449)	(147,449)	(147,449)
Other reserves	4,864	4,864	4,864	4,864
Retained earnings	223,151	223,151	223,151	223,151
Foreign currency translation reserve	982,841	644,171	982,841	595,882
Total shareholders' equity	2,870,452	1,937,390	2,870,452	1,804,352
Non-current assets	9,398,970	9,398,970	9,398,970	9,398,970
Current assets	245,601	245,601	245,601	245,601
Current liabilities	(677,350)	(677,350)	(677,350)	(677,350)
Non-current liabilities	(6,096,769)	(7,029,831)	(6,096,769)	(7,162,869)
Total net assets	2,870,452	1,937,390	2,870,452	1,804,352
Total borrowings	6,722,314	7,655,376	6,722,314	7,788,414
Cash and Bank Balance	35,293	35,293	35,293	35,293
Number of shares outstanding as at 31 December 2019 ('000)	1,737,497	1,563,747	1,737,497	1,563,747
Weighted average number of shares outstanding during the year ended 31 December 2019 ('000)	1,749,227	1,574,305	1,749,227	1,574,305
Financial Ratios				
NAV per share (IDR)[1]	1,652	1,239	1,652	1,154
Gearing[2]	2.33	3.93	2.33	4.30
EPS (IDR)[3]	101	112	101	112

Notes:

(1) NAV per Share equals to total net assets divided by the number of Shares outstanding as at 31 December 2019.

(2) Gearing equals to total bank and other borrowings net of cash and cash equivalents divided by total shareholders' equity.

(3) EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 31 December 2019.

Shares repurchased are held as treasury shares

	The Group			
	Market Acquisition		Off-Market Acquisition	
As at 31 December 2019	Before the Share Buyback IDR million	After the Share Buyback IDR million	Before the Share Buyback IDR million	After the Share Buyback IDR million
Share capital	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	(147,449)	(1,080,511)	(147,449)	(1,213,549)
Other reserves	(201,717)	(201,717)	(201,717)	(201,717)
Retained earnings	6,814,530	6,814,530	6,814,530	6,814,530
Foreign currency translation reserve	(190,363)	(190,363)	(190,363)	(190,363)
Non-controlling interests	1,349,134	1,349,134	1,349,134	1,349,134
Total shareholders' equity	9,431,180	8,498,118	9,431,180	8,365,080
Non-current assets	14,938,210	14,938,210	14,938,210	14,938,210
Current assets	2,505,958	2,505,958	2,505,958	2,505,958
Current liabilities	(1,720,521)	(1,720,521)	(1,720,521)	(1,720,521)
Non-current liabilities	(6,292,467)	(7,225,529)	(6,292,467)	(7,358,567)
Total net assets	9,431,180	8,498,118	9,431,180	8,365,080
Total borrowings	6,722,314	7,655,376	6,722,314	7,788,414
Cash and Bank Balance	503,753	503,753	503,753	503,753
Number of shares outstanding as at 31 December 2019 ('000)	1,737,497	1,563,747	1,737,497	1,563,747
Weighted average number of shares outstanding during the year ended 31 December 2019 ('000)	1,749,227	1,574,305	1,749,227	1,574,305
Financial Ratios				
NAV per share (IDR)[1]	4,652	4,572	4,652	4,487
Gearing[2]	0.66	0.84	0.66	0.87
EPS (IDR)[3]	392	436	392	436

Notes:

(1) NAV per Share equals to total net assets divided by the number of Shares outstanding as at 31 December 2019.

(2) Gearing equals to total bank and other borrowings net of cash and cash equivalents divided by total shareholders' equity.

(3) EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 31 December 2019.

	The Company			
	Market Acquisition		Off-Market Acquisition	
As at 31 December 2019	Before the Share Buyback IDR million	After the Share Buyback IDR million	Before the Share Buyback IDR million	After the Share Buyback IDR million
Share capital	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	(147,449)	(1,080,511)	(147,449)	(1,213,549)
Other reserves	4,864	4,864	4,864	4,864
Retained earnings	223,151	223,151	223,151	223,151
Foreign currency translation reserve	982,841	982,841	982,841	982,841
Total shareholders' equity	2,870,452	1,937,390	2,870,452	1,804,352
Non-current assets	9,398,970	9,398,970	9,398,970	9,398,970
Current assets	245,601	245,601	245,601	245,601
Current liabilities	(677,350)	(677,350)	(677,350)	(677,350)
Non-current liabilities	(6,096,769)	(7,029,831)	(6,096,769)	(7,162,869)
Total net assets	2,870,452	1,937,390	2,870,452	1,804,352
Total borrowings	6,722,314	7,655,376	6,722,314	7,788,414
Cash and Bank Balance	35,293	35,293	35,293	35,293
Number of shares outstanding as at 31 December 2019 ('000)	1,737,497	1,563,747	1,737,497	1,563,747
Weighted average number of shares outstanding during the year ended 31 December 2019 ('000)	1,749,227	1,574,305	1,749,227	1,574,305
Financial Ratios				
NAV per share (IDR)[1]	1,652	1,239	1,652	1,154
Gearing[2]	2.33	3.93	2.33	4.30
EPS (IDR)[3]	101	112	101	112

Notes:

(1) NAV per Share equals to total net assets divided by the number of Shares outstanding as at 31 December 2019.

(2) Gearing equals to total bank and other borrowings net of cash and cash equivalents divided by total shareholders' equity.

(3) EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 31 December 2019.

The financial effects set out above are for illustrative purposes only. Although the Share Buyback Mandate would authorise the Company to purchase up to 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings, the Company may not necessarily purchase or acquire, or be able to purchase or acquire, the entire 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

2.8. Tax Implications

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

2.9. Listing Manual

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, approximately 15.84% of the issued ordinary share capital of the Company are held in the hands of 1,433 public shareholders. Assuming that the Company repurchased the maximum of 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the Latest Practicable Date from members of the public by way of a Market Acquisition, the percentage of the issued ordinary share capital of the Company held by the public would be approximately 6.489%.

The Directors will ensure that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will not have any effect on the listing status of the Shares on the SGX-ST, or on the orderly trading of the Shares. Before undertaking any such purchase or acquisition, the Directors shall at all times take due cognisance of:

(a) the then shareholding spread of the Company in respect of the number of Shares held by Substantial Shareholders and by non-Substantial Shareholders; and

(b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Shares purchase.

Pursuant to Rule 884 of the Listing Manual, a listed company may only purchase shares by way of a Market Acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to Market Acquisitions by the Company, referred to in Section 2.3(d) of this Appendix, conforms to this restriction.

Additionally, the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST:

(a) in the case of a Market Acquisition, by 9.00 am on the Market Day following the day on which it purchased shares; and

(b) in the case of an Off-Market Acquisition under an equal access scheme, by 9.00 am on the second Market Day after the close of acceptances of the offer.

Such notification currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual:

(a) where the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its FY, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant financial statements; or

(b) where the Company does not announce its quarterly financial statements, one month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial statements.

2.10. Take-Over Obligations

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

Obligation to make a Take-Over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-Over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-Over Code.

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 following persons will, *inter alia*, be presumed to be acting in concert:

(a) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, and any company whose associated companies include any of the aforesaid companies, and 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, 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 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 them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) Partners; and

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

The circumstances under which Shareholders of the Company (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 of the Take-Over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-Over Code.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-Over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

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 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

2.11. Application of the Take-Over Code

Save as disclosed herein, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded, as parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-Over Code would ensue as a result of a Share Buyback.

Shareholding of certain parties before and after the Share Buyback (for illustrative purposes only)

Based on the shareholding interest of the parties listed below as at the Latest Practicable Date and assuming that:

(a) the Company undertakes the Share Buyback under the Share Buyback Mandate up to the maximum of 10% of total number of issued Shares excluding treasury shares and subsidiary holdings as permitted by the Share Buyback Mandate;

(b) there is no change in the holding of Shares between the Latest Practicable Date and the date of the AGM;

(c) no new Shares are issued following approval being received from Shareholders at the AGM for the Share Buyback Mandate; and

(d) the parties as set out below do not sell or otherwise dispose of their holding of Shares, their holding of Shares as at the date of the AGM and after the purchase by the Company of 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings pursuant to the Share Buyback Mandate is as follows:

	Before the Share Buyback (as at the Latest Practicable Date)				After the Share Buyback			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%	Number of Shares	%
Directors								
Lim Gunawan Hariyanto[2]	–	–	905,557,774	52.119	–	–	905,557,774	57.909
Lim Christina Hariyanto	–	–	–	–	–	–	–	–
Dato' Lee Yeow Chor[3]	–	–	556,672,070	32.039	–	–	556,672,070	35.599
Lee Lap Wah George	–	–	–	–	–	–	–	–
Lim Hung Siang	50,000	0.003	–	–	50,000	0.003	–	–
Lawrence Lua Gek Pong	–	–	–	–	–	–	–	–
Substantial Shareholders								
Wellpoint Pacific Holdings Ltd[2][4]	905,557,774	52.119	–	–	905,557,774	57.909	–	–
Oakridge Investments Pte Ltd[3]	535,050,070	32.039	–	–	535,050,070	34.216	–	–
Fortune Corp Limited[2]	–	–	905,557,774	52.119	–	–	905,557,774	57.909
Fortune Holdings Limited[2]	–	–	905,557,774	52.119	–	–	905,557,774	57.909
Lim Hariyanto Wijaya Sarwono[2]	–	–	905,557,774	52.119	–	–	905,557,774	57.909
IOI Corporation Berhad[3]	–	–	556,672,070	32.039	–	–	556,672,070	35.599
Progressive Holdings Sdn Bhd[3]	–	–	556,672,070	32.039	–	–	556,672,070	35.599
Lee Yeow Seng[3]	–	–	556,672,070	32.039	–	–	556,672,070	35.599

Notes:

(1) Percentages are based on the issued share capital of the Company of 1,737,497,044 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd.

(3) Dato' Lee Yeow Chor, a non-executive director of the Company, is presently the Group Managing Director and Chief Executive of IOI, the sole shareholder of Oleander. Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. through intermediate entities.

(4) Includes 156,400,000 Shares which are held through bank nominees.

As Dr. Lim Hariyanto Wijaya Sarwono, Mr. Lim Gunawan Hariyanto, Wellpoint Pacific Holdings Ltd, Fortune Holdings Limited and Fortune Corp Limited have aggregate shareholdings and voting rights in the Company of more than 50% as at the Latest Practicable Date, the increase in such shareholdings and voting rights in the event the Company undertakes the Share Buyback up to the maximum limit permitted by the Share Buyback Mandate will not result in them and persons presumed to be acting in concert with them being required to make a general offer to the other shareholders under Rule 14 of the Take-Over Code.

As Dato' Lee Yeow Chor, Lee Yeow Seng, Oakridge Investments Pte Ltd, Lynwood Capital Resources Pte Ltd, IOI Corporation Berhad, Progressive Holdings Sdn Bhd have aggregate shareholdings and voting rights in the Company of 32.039% as at the Latest Practicable Date, the increase in such shareholdings and voting rights to 35.599% in the event the Company undertakes the Share Buyback up to the maximum limit permitted by the Share Buyback Mandate may result in them and persons presumed to be acting in concert with them being required to make a general offer to the other shareholders under Rule 14 of the Take-Over Code.

Pursuant to paragraph 3(a) of Appendix 2 to the Take-Over Code, Dato' Lee Yeow Chor and parties acting in concert with him (including Lee Yeow Seng, Oakridge Investments Pte Ltd, Lynwood Capital Resources Pte Ltd, IOI Corporation Berhad and Progressive Holdings Sdn Bhd) will be exempted from the requirement to make a general offer under Rule 14 of the Take-Over Code after any Share Buyback, subject to the following conditions:

(a) this Appendix contains advice to the effect that by voting for the resolution to approve the Share Buyback Mandate, Shareholders are waiving their right to a general offer at the required price from Dato' Lee Yeow Chor and parties acting in concert with him, if any; and the names of Dato' Lee Yeow Chor and his concert parties, if any, and the voting rights of such persons at the time of the resolution and after the proposed Share Buyback are disclosed in this Appendix;

(b) the resolution to approve the Share Buyback Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer for the Company as a result of the Share Buyback;

(c) Dato' Lee Yeow Chor and his concert parties, if any, do not vote for and/or recommend Shareholders to vote in favour of the resolution to approve the Share Buyback Mandate;

(d) within seven days after the passing of the resolution to approve the Share Buyback Mandate, Dato' Lee Yeow Chor to submit to the Securities Industry Council a duly signed form as prescribed by the Securities Industry Council; and

(e) Dato' Lee Yeow Chor and his concert parties, if any, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the approval of the Share Buyback Mandate is imminent and the earlier of:

    (i) the date on which the Share Buyback Mandate expires; and

    (ii) the date on which the Company announces that it has bought back such number of Shares as authorised under the Share Buyback Mandate or the date the Company decides to cease buying back its Shares, as the case may be,

    if such acquisitions, taken together with shares bought by the Company under the Share Buyback Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six months.

It should be noted that approving the Share Buyback Mandate will constitute a waiver by Shareholders in respect of their rights to receive a general offer by Dato' Lee Yeow Chor and parties acting in concert with him at the required price, which shall be determined in accordance with the relevant provisions of the Take-Over Code.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-Over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

2.12. Shares Purchased by the Company

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

3. THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS

3.1. Background

The Company was admitted to the Official List of the SGX-ST in April 2012. Information as required under Rule 920(1)(b) of the Listing Manual on certain interested person transactions to be entered into between the Group with IOI Corporation and its associates have been disclosed on pages 221 to 229 of the Prospectus.

As such, under Rule 920(2) of the Listing Manual, the Company may treat a general mandate, i.e. the Shareholders' Mandate for IOI Transactions, as having been given with respect to such interested person transactions.

The Shareholders' Mandate for IOI Transactions was last renewed at the AGM of the Company held on 22 April 2019, and is thus effective, unless revoked or varied by the Company in a general meeting, until the date that the next AGM of the Company is held or is required by law or the Constitution to be held.

In the premises, the approval of the Shareholders is sought for the modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions at the forthcoming AGM to be held on 24 April 2020. If approved by the Shareholders at the forthcoming AGM, the Shareholders' Mandate for IOI Transactions (as modified) will take effect from the date of passing of the ordinary resolution relating thereto and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM or the date by which the next AGM is required by law or the Constitution to be held.

3.2. Changes to the Shareholders' Mandate for IOI Transactions

On 14 November 2019, the Company announced that it had entered into a sale and purchase agreement dated 13 November 2019 with Oleander for the sale of its 28% interest in each of SNA and BAS. Following completion of the sale, both SNA and BAS ceased to be associated companies of the Company. Therefore, transactions between IOI Corporation and its associates and the SNA Group will no longer constitute interested person transactions as the entities within the SNA Group are no longer entities at risk. Accordingly, the Company is proposing to modify the Shareholders' Mandate for IOI Transactions to remove references to transactions between IOI Corporation and its associates and the SNA Group. Save for the foregoing, the particulars of the interested person transactions in respect of which the Shareholders' Mandate for IOI Transactions is sought to be renewed remain unchanged.

3.3. Details of the Shareholders' Mandate for IOI Transactions

Details of the Shareholders' Mandate for IOI Transactions, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information required by Chapter 9 of the Listing Manual are set out in Annexure I to this Appendix.

3.4. Audit Committee Statement

The Audit Committee of the Company comprising Mr. Lee Lap Wah George, Mr. Lim Hung Siang and Mr. Lawrence Lua Gek Pong has reviewed the terms of the proposed renewal of the Shareholders' Mandate for IOI Transactions and has confirmed that:

(a) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for IOI Transactions have not changed since the AGM of the Company held on 22 April 2019; and

(b) the methods or procedures for determining the transaction prices of the interested person transactions under the Shareholders' Mandate for IOI Transactions are sufficient to ensure that such interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,757,531,844 Shares, of which 20,034,800 Shares are held by the Company as treasury shares. The interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Directors				
Lim Gunawan Hariyanto[2]	–	–	905,557,774	52.119
Lim Christina Hariyanto	–	–	–	–
Dato' Lee Yeow Chor[3]	–	–	556,672,070	32.039
Lee Lap Wah George	–	–	–	–
Lim Hung Siang	50,000	0.003	–	–
Lawrence Lua Gek Pong	–	–	–	–
Substantial Shareholders				
Wellpoint Pacific Holdings Ltd[2][4]	905,557,774	52.119	–	–
Oakridge Investments Pte Ltd[3]	535,050,070	30.794	–	–
Fortune Corp Limited[2]	–	–	905,557,774	52.119
Fortune Holdings Limited[2]	–	–	905,557,774	52.119
Lim Hariyanto Wijaya Sarwono[2]	–	–	905,557,774	52.119
IOI Corporation Berhad[3]	–	–	556,672,070	32.039
Progressive Holdings Sdn Bhd[3]	–	–	556,672,070	32.039
Lee Yeow Seng[3]	–	–	556,672,070	32.039

Notes:

(1) Percentages are based on the issued share capital of the Company of 1,737,497,044 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd. Mr. Lim Gunawan Hariyanto - Executive Chairman and CEO of the Company is the son of Dr. Lim Hariyanto Wijaya Sarwono.

(3) Dato' Lee Yeow Chor, a non-executive director of the Company, is presently the Group Managing Director and Chief Executive of IOI, the sole shareholder of Oleander. Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd.

(4) Includes 156,400,000 Shares which are held through bank nominees.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2019, will be held on 24 April 2020 at 10.30 a.m. at 10 Anson Road, #11-19 International Plaza, Singapore 079903, for the purpose of considering, and if thought fit, passing with or without any modifications the ordinary resolution set out in the Notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 10 Anson Road, #11-19, International Plaza, Singapore 079903 not less than 72 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he wishes to do so.

A depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the AGM.

7. DIRECTORS' RECOMMENDATION

7.1. Share Buyback Mandate

Having fully considered, *inter alia*, the scope, rationale and the benefits of the Share Buyback Mandate, the Directors (other than Dato' Lee Yeow Chor, who has abstained from making any recommendation), having carefully considered the terms and rationale of the Share Buyback Mandate, are of the view that the Share Buyback Mandate is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate at the forthcoming AGM.

7.2. Shareholders' Mandate for IOI Transactions

Having fully considered, *inter alia*, the scope, guidelines and review procedures, the rationale and the benefits of the Shareholders' Mandate for IOI Transactions, the Directors who are considered to be independent for the purposes of the proposed renewal of the Shareholders' Mandate for IOI Transactions (being all the Directors save for Dato' Lee Yeow Chor) are of the view that the Shareholders' Mandate for IOI Transactions is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions at the forthcoming AGM.

8. ABSTENTION FROM VOTING

8.1. Share Buyback Mandate

Dato' Lee Yeow Chor and his concert parties will abstain from voting on the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate at the AGM, and will not act as proxies in relation to such resolution unless specific voting instructions have been given by the appointing Shareholder(s).

8.2. Shareholders' Mandate for IOI Transactions

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the appointing Shareholders. As such, IOI Corporation and its associates will abstain from voting on the ordinary resolution relating to the proposed modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions.

When the Shareholders' Mandate for IOI Transactions was last renewed at the AGM of the Company held on 22 April 2019, the Hariyantos and their associates voluntarily abstained from voting on resolutions approving the modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions. On 14 November 2019, the Company announced that it had entered into a sale and purchase agreement dated 13 November 2019 with Oleander for the sale of its entire 28% interest in each of SNA and BAS. Prior to completion of the sale, the Company, IOI Corporation (through its subsidiary, Oleander Capital Resources Pte Ltd) and the Hariyantos (through their associate, PT Karya Manunggal Sawitindo) had a 28%, 67% and 5% interest respectively in each of SNA and BAS. Following completion of the sale, both SNA and BAS ceased to be associated companies of the Company. Therefore, transactions between IOI Corporation and its associates and the SNA Group will no longer constitute interested person transactions as the entities within the SNA Group are no longer entities at risk, and the Shareholders' Mandate for IOI Transactions no longer includes transactions between IOI Corporation and its associates and the SNA Group. Accordingly, the Hariyantos and their associates will not be abstaining from voting on the ordinary resolution relating to the proposed modifications to, and renewal of, the Shareholders' Mandate for IOI Transactions at the upcoming AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the proposed modifications to, and renewal of the Shareholders' Mandate for IOI Transactions, 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.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Constitution;

(b) the audited consolidated financial statements of the Group for FY2019; and

(c) the Annual Report 2019.

Yours faithfully,
For and on behalf of the Board of Directors of
BUMITAMA AGRI LTD.

Lim Gunawan Hariyanto
Executive Chairman and CEO

1. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual ("**Chapter 9**") applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the listed company. Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Listing Rule 905, a listed company must make an immediate announcement of any such transaction where:

(a) the value of such transaction is equal to or exceeds 3% of the group's latest audited net tangible assets; or

(b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 3% of the group's latest audited net tangible assets.

Pursuant to Listing Rule 906, shareholders' approval is required for any such transaction where:

(a) the value of such transaction is equal to or exceeds 5% of the group's latest audited net tangible assets; or

(b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5% of the group's latest audited net tangible assets. Such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

While transactions below $100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Listing Rule 902.

Transactions between: (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk and the same interested person. Transactions between: (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person.

Chapter 9 allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. However, these transactions may not include the purchase or sale of assets, undertakings or businesses.

As defined in the Listing Manual:

(a) an "entity at risk" means:

  (i) the listed company;

  (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

  (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s) has control over the associated company;

(b) an "interested person" means:

(i) a director, chief executive officer or controlling shareholder of the listed company; or

(ii) an associate of such director, chief executive officer or controlling shareholder.

(c) an "associate" means:

(i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(A) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent);

(B) 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

(C) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(ii) 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;

(d) an "interested person transaction" means a transaction between an entity at risk and an interested person; and

(e) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles of Chapter 9.

The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (a) a transaction with an entity at risk; and (b) an agreement or arrangement with an interested person in connection with that transaction.

2. CLASSES OF INTERESTED PERSONS

The Shareholders' Mandate for IOI Transactions will apply to the Group's transactions with IOI Corporation, one of the Company's Controlling Shareholders, and its associate, Bunge Loders Croklaan Oil BV.

Transactions between IOI Corporation and its associates and the Group which do not fall within the ambit of the Shareholders' Mandate for IOI Transactions shall be subject to the relevant provisions of Chapter 9. In particular, if such transactions are of an aggregate value equal to or more than 5% of the Group's latest audited net tangible assets, future transactions of such a nature will be subject to Shareholders' approval before they can be entered into.

3. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The on-going transactions that will be covered by the Shareholders' Mandate for IOI Transactions are as follows:

(a) sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation to the Group; and

(b) sale of plantation produce (such as CPO and PK) by the Group to IOI Corporation and Bunge Loders Croklaan Oil BV.

4. DISCLOSURE IN ANNUAL REPORT

The Company is required, under Listing Rule 920(1)(a)(i), to disclose in its annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for IOI Transactions is in force. The name of the interested person, the nature of the relationship and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of Interested Person	Nature of the Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the Shareholders' Mandate for IOI Transactions pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate for IOI Transactions pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)

5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE FOR IOI TRANSACTIONS

Pages 223 to 224 of the Prospectus set out the rationale for and benefits of obtaining the Shareholders' Mandate for IOI Transactions, namely, that the Group had in the past entered into various trade arrangements with the IOI Group for the sale of seeds by the IOI Group to the Group, and the sale of CPO by the Group to IOI Corporation, and that the Group intends to engage in similar trades with the IOI Group on a recurring basis. The Shareholders' Mandate for IOI Transactions and the renewal of the Shareholders' Mandate for IOI Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with IOI Corporation and its associates arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.

The Shareholders' Mandate for IOI Transactions is intended to facilitate transactions in the normal course of business which the Group transacted from time to time with IOI Corporation and its associates, provided that they are carried out on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the interested person than those extended to unrelated third parties, and are not prejudicial to the interests of the Company and its Shareholders (other than the IOI Group).

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for IOI Transactions is in place.

6. METHODS AND PROCEDURES FOR DETERMINING TRANSACTION PRICES

The following guidelines have been put in place to ensure that transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions are conducted on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies:

(a) Sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation to the Group

In determining the selling price for the sale of raw materials by IOI Corporation to the Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

(b) Sale of plantation produce (such as CPO and PK) by the Group to IOI Corporation and Bunge Loders Croklaan Oil BV

For spot sales, the selling price for the sale of plantation produce by the Group to IOI Corporation and Bunge Loders Croklaan Oil BV will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

For sales of CPO via forward contracts between the Group and IOI Corporation and Bunge Loders Croklaan Oil BV, the selling price for the sale of CPO by the Group to IOI Corporation and Bunge Loders Croklaan Oil BV will be based on the forward index prices obtained from the Bursa Malaysia Derivatives Berhad at the time the forward contract is entered into, with a discount of US$5 per metric tonne (the "**IOI Forward Contract Price**"). At least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The IOI Forward Contract Price shall not be lower than two of the most competitive price quotes from the independent parties, where available. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

7. REVIEW PROCEDURES

The Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with in relation to all transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that such transactions are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from its Shareholders if the Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions to be entered into pursuant to the Shareholders' Mandate for IOI Transactions will be subject to the prior review and approval of the Audit Committee.

Designated persons of the Group are required to submit details of all transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions immediately to the Company's Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no such transaction for a previous quarter. The Company's Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

The Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

The internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for IOI Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by the Company's internal auditors, being the Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to the Audit Committee. The Company's internal auditors shall assist the Audit Committee in the review, and carry out such tests as they deem necessary on the transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions. As part of the Company's annual audit, the Company's external auditors will review the transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions on a sampling basis. The Company's external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

The Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions are on normal commercial terms which will not be prejudicial to the interests of the Company and its Shareholders (other than the IOI Group).

8. THRESHOLD LIMITS

In addition to the above review procedures, the Group supplements its internal systems by setting the following threshold limits to transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction entered into pursuant to the Shareholders' Mandate for IOI Transactions is below or equal to S$5,000,000; and

  (ii) any other transaction without external reference quoted price or rate, the value of the transaction entered into pursuant to the Shareholders' Mandate for IOI Transactions is below or equal to S$600,000; and

(b) a Category 2 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction entered into pursuant to the Shareholders' Mandate for IOI Transactions is in excess of S$5,000,000; and

  (ii) any transaction without external reference quoted price or rate, the value of the transaction entered into pursuant to the Shareholders' Mandate for IOI Transactions is in excess of S$600,000.

Category 1 transactions do not require the prior review and approval of the Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit Committee. Such transactions must be reviewed and approved by the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of the Company's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of the Group's transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by the Audit Committee prior to being entered into. In the event that a member of the Audit Committee is interested in any of the Group's transactions entered into pursuant to the Shareholders' Mandate for IOI Transactions, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

The thresholds of S$5,000,000 and S$600,000 are set as limits based on the expected and past volume of sales and purchases of the Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of the Group, the Board is of the opinion that the threshold limits of S$5,000,000 and S$600,000 reflect a risk control level that is acceptable to the Company.