APPENDIX DATED 10 OCTOBER 2018

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This appendix ("**Appendix**") is circulated to shareholders of Global Dragon Limited (formerly known as TMC Education Corporation Ltd.) ("**Company**") ("**Shareholders**") together with the Company's annual report for the financial year ended 30 June 2018 ("**Annual Report**"). The Notice of AGM (as herein defined) and the accompanying proxy form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix with the Notice of AGM and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the Notice of AGM and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, together with the Notice of AGM and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Sponsor has not verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms Alicia Sun (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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國際集團
GLOBAL DRAGON LIMITED

GLOBAL DRAGON LIMITED

(FORMERLY KNOWN AS TMC EDUCATION CORPORATION LTD.)
(Registration Number: 198102945K)
(Incorporated in the Republic of Singapore on 25 June 1981)

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

GLOBAL DRAGON LIMITED

(Formerly known as TMC EDUCATION CORPORATION LTD.)
(Company Registration No.: 198102945K)
(Incorporated in the Republic of Singapore)

Directors

Mr Koh Kian Soo (Executive Chairman)
Mr Tan Chee Wee (Chen Zhiwei) (Executive Director)
Mr Woo Peng Kong (Lead Independent Director)
Mr Kwan Chee Wai (Independent Director)
Ms Pan Pei Say (Independent Director)

Registered Office

456 Alexandra Road
#02-09 Fragrance
Empire Building
Singapore 119962

10 October 2018

To: The Shareholders of Global Dragon Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors wish to refer to (i) the notice of annual general meeting ("**AGM**") dated 10 October 2018 ("**Notice of AGM**") accompanying the annual report for the financial year ended 30 June 2018 ("**Annual Report**"), and (ii) Resolution 11 set out in the Notice of AGM, being the ordinary resolution for the proposed renewal of the general share purchase mandate ("**Share Purchase Mandate**").

The purpose of this Appendix is to provide Shareholders with relevant information relating to the proposed renewal of the Share Purchase Mandate, and to seek Shareholders' approval for the same at the forthcoming AGM. The SGX-ST and the Sponsor assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

At the Company's extraordinary general meeting held on 31 March 2011, Shareholders approved the adoption of the Share Purchase Mandate, such mandate being expressed to take effect until the conclusion of the next AGM or the date by which such AGM is required by law or the constitution of the Company ("**Constitution**") to be held, unless prior thereto, Share purchases are carried out to the full extent mandated or the Share Purchase Mandate is varied or revoked by the Shareholders in a general meeting.

The Share Purchase Mandate was last renewed at the AGM held on 30 October 2017 and will expire on the date of the forthcoming AGM. Accordingly, the terms in respect of which the Share Purchase Mandate is sought to be renewed are set out in this Appendix.

Subject to its continued relevance to the Company, the Share Purchase Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale for the Share Purchase Mandate

Short-term speculation may at times cause the market price of the ordinary shares in the capital of the Company ("**Shares**") to be depressed below the true value of the Company and the Group. The proposed renewal of the Share Purchase Mandate will provide the Directors with the means to restore investors' confidence and to protect existing Shareholders' investments in the Company in a depressed share-price situation through judicious Share purchases to enhance the earnings per Share and/or the net asset value per Share. The Share purchases are expected to enhance the net

asset value per Share if the Share purchases are made at a price below the net asset value per Share.

The proposed renewal of the Share Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the Shareholders, as and when the Directors are of the view that the Share purchase would be in the best interests of the Company and the Shareholders.

If and when circumstances permit, the Directors will decide (i) whether to exercise the Share Purchase Mandate through on-market purchases or off-market purchases of Shares; and (ii) whether the Shares purchased or acquired should be held as treasury shares or cancelled, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

Share purchases shall only be made if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders and in circumstances which would not have a material adverse effect on the financial position of the Company or the Group and when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders. The Directors will decide whether to purchase Shares only after taking into account, amongst other things, the market conditions at such time, the Company's financial condition, if such purchases will cause the Company to become insolvent (i.e., the Company is unable to pay its debts as they become due in the ordinary course of business, or the value of the Company's assets is less than the value of its liabilities including contingent liabilities), and whether such purchases represent the most efficient and cost-effective approach to enhance Share value. Share purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for shares held by Shareholders.

2.3 Terms of the Share Purchase Mandate

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

2.3.1 Maximum Number of Shares

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

The total number of Shares that may be purchased or acquired, either through on-market purchases ("**Market Purchases**") or off-market purchases on an equal access scheme ("**Off-Market Purchases**") as defined in Section 76C of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), is limited to that number of Shares representing not more than ten per cent. (10%) of the total issued share capital of the Company, ascertained as at the date of the forthcoming AGM at which the Share Purchase Mandate is approved and renewed, unless the Company has effected a reduction of the share capital of the Company in accordance with the Companies Act, at any time during the Relevant Period (as defined herein), in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered. Such Share shall be purchased at such price up to but not exceeding the Maximum Price (as defined below). For purposes of calculating the percentage of issued Shares above, any Shares which are held as treasury shares ("**Treasury Shares**") and subsidiary holdings will be disregarded.

For illustrative purposes only, based on 526,307,806 issued Shares as at 27 September 2018, being the latest practicable date prior to the printing of this Appendix ("**Latest Practicable Date**"), and assuming that no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the forthcoming AGM, the exercise in full of the Share Purchase Mandate of up to a maximum of ten per cent. (10%) of the total issued share capital would result in the purchase of 52,630,780 Shares. As at the Latest Practicable Date, the Company did not have any Treasury Shares and subsidiary holdings.

2.3.2 Duration of Authority

If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the

forthcoming AGM, the mandate shall take effect from the date of the forthcoming AGM and continue in force until the earlier of:

(i) the conclusion of the next AGM;

(ii) the expiration of the period within which the next AGM of the Company is required by law or the Constitution to be held;

(iii) the share purchases under the Share Purchase Mandate being carried out to the full extent mandated; or

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

(the "**Relevant Period**").

2.3.3 Manner of Purchase of Shares

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

(i) Market Purchases transacted on the SGX-ST through the ready market system and which may be transacted through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) Off-Market Purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as defined in Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules, the Companies Act, the Constitution and other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Pursuant to 76C of the Companies Act, an Off-Market Purchase in accordance to equal access scheme must, satisfy all of the following conditions:

(i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase or acquired 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 may relate to Shares with different accrued dividend entitlements;

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

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

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share purchase;

(iv) the consequences, if any, of Share purchase by the Company that will arise under the Singapore Code on Take-overs and Mergers ("**Take-over Code**") or other applicable take-over rules;

(v) whether the Share purchase, if made, would have any effect on the listing of the Shares on the Catalist trading board;

(vi) details of any Share purchase made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), setting out 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.

2.3.4 Maximum Purchase Price

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

Any Share purchase undertaken by the Company shall be at the price of up to but not exceeding the maximum price (excluding expenses of the purchase or acquisition) at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded ("**Maximum Price**"), in the case of a Market Purchase, immediately preceding the day on which such purchase is made, and, in the case of an Off-Market Purchase on an equal access scheme, immediately preceding the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period. Such Maximum Price excludes related expenses of the purchase or acquisition.

2.4 Status of Purchased Shares

2.4.1 Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased by the Company and which are not held as Treasury Shares.

All Shares purchased by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

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

2.4.2 Treasury Shares

Where the Shares are held in treasury, the Company shall be entered in the register as the member holding such shares. The Company has no Shares held as Treasury Shares as at the Last Practicable Date. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

(a) Maximum Holdings

The total aggregate number of all Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as Accounting and Corporate Regulatory Authority ("**ACRA**") may allow.

(b) Voting and Other Rights

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

In addition, no dividends may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share is also 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 an employees' share scheme;

(iii) transfer the Treasury Shares as (or any of them) consideration for the purchase 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 (or any of them) for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares comprised in the Usage, the number of shares before and after the Usage, the percentage of the number of treasury shares comprised in the Usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage and the value of the treasury shares comprised in the Usage.

2.5 Source of Funds

2.5.1 In purchasing the Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares for a consideration other than in cash or in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. As stated in the Companies Act, the Share purchases may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, the Company is solvent if at the date of the payment made by the Company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

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

(b) if:

(i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

2.5.2 The Company intends to use internal resources and/or external borrowings, or a combination of both, to finance the Company's purchases of its Shares pursuant to the Share Purchase Mandate.The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the financial position, liquidity and/or working capital adequacy position of the Group would be materially adversely affected.

2.6 Take-over Implications Arising from Share Purchase

2.6.1 Obligation to make a Take-over Offer

Rule 14 of the Take-over Code, as modified, supplemented or amended from time to time ("**Rule 14**") requires, *inter alia*, that except with the consent of Securities Industry Council ("**SIC**"), where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of the voting rights in the company,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

2.6.2 Persons Acting In Concert

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

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other under the Take-over Code:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(b) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status;

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

(d) a person of 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 stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide 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 in accordance with his instructions, companies controlled by any of the above persons, 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, including directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

2.6.3 Effect of Rule 14 and Appendix 2 of the Takeover Code

Appendix 2 of the Takeover Code contains the share buy-back guidance note. In general terms, unless exempted by the SIC, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 if, as a result of any purchase by the Company of its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate unless so required by the Companies Act.

When a group acting in concert holds over fifty per cent. (50%) of the voting rights, no obligation would normally arise from acquisitions by any member of the group. However, the SIC may, subject to various considerations as set out in Note 5 to Rule 14.1 of the Takeover Code, regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group acting in concert of voting rights sufficient to increase his or its holding to thirty per cent. (30%) or more, if he or it already hold between thirty per cent. (30%) and fifty per cent. (50%), by more than one per cent. (1%) in any six (6) month period.

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 SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a mandatory take-over offer would arise by reason of any Share purchases by the Company.

As at the Latest Practicable Date, JK Global Assets Pte. Ltd. ("**JK Global Assets**") hold an aggregate of 376,002,000 Shares, representing 71.44% of the voting rights in the Company.

As JK Global Assets hold more than 50.0% of the voting rights in the Company, it is not expected to incur an obligation to make a mandatory take-over offer for the Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of the Share purchases pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/o the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.

2.7 Catalist Rules

2.7.1 The Company is required under Rule 723 of the Catalist Rules to ensure at least ten per cent. (10%) of its issued Shares (excluding preference shares, convertible equity securities and Treasury Shares) are held by the public at all times. As at the Latest Practicable Date, 120,305,806 Shares representing approximately 22.86% of the total issued Shares are held by the public.

2.7.2 Assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares as at the Latest Practicable Date, being 52,630,780 Shares, the resultant number of Shares held by the public after the purchase of such Shares would be 67,675,026, representing approximately 14.29% of the remaining issued Shares of the Company.

2.7.3 Based on the percentage above, the Company is of the view that there is sufficient number of Shares held by public Shareholders, which would permit the Company to undertake Share purchases of up to ten per cent. (10%) of its total number of Shares without adversely affecting the listing status of the Shares on the Catalist board. The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares if the purchase of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

2.7.4 The Directors shall safeguard the interests of public Shareholders before undertaking any Shares purchases. Before exercising the Share Purchase Mandate, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient number of Shares remain in public hands so that the Share purchases will not (i) adversely affect the listing status of the Shares on Catalist; (ii) cause market illiquidity; and (iii) adversely affect the orderly trading of the Shares.

2.7.5 <u>Price Restriction</u>

Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than five per cent (5%) above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price in relation to Market Purchases by the Company, referred to in section 2.3.4 of this Appendix, conforms to this restriction.

2.7.6 <u>Timing of Purchase</u>

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any purchase of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Purchase 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 Directors until such price-sensitive information has been publicly announced. In particular, the Company will not purchase any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full-year financial results, and ending on the date of the announcement of the relevant results.

2.8 Financial Effects

2.8.1 General

Where the Shares are purchased out of the capital of the Company and cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired. If, on the other hand, the Share purchased or acquired are not cancelled but held in treasury, then there will be no change to the Company's issued capital.

Where the consideration paid by the Company for a Share Purchase Mandate is out of the profits of the Company, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.8.2 Illustrative Financial Effects

The financial effects on the Company and the Group arising from the Share purchases, which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.

For illustrative purposes only, the financial effects of the Shares Purchase Mandate on the Group's and the Company's for the financial year ended 30 June 2018 ("**FY2018**") are based on the following assumptions:

(a) based on 526,307,806 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the forthcoming AGM, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares will result in the purchase or acquisition of 52,630,780 Shares;

(b) the maximum price for the Market Purchase or Off-Market Purchase is S$0.062 per Share, which is five per cent. (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST, as such, the maximum amount of funds required for the Shares purchases (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is S$3,263,108;

(c) the Company uses internal sources of funds (i.e, cash and cash equivalents) to finance its purchase or acquisition of the Shares; and

(d) the transaction costs incurred for the Share Purchase pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

For illustrative purposes only and on the basis of the above assumptions, the financial effects on the audited financial statements of the Company and the Group for FY2018 are set out as follows:

A. Market Purchase or Off-Market Purchase made entirely out of capital or profit and held as Treasury Shares

	GROUP		COMPANY	
	Before Share Purchase (S$'000)	**After Share Purchase (S$'000)**	**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**
As at 30 June 2018				
Profit for the year	719	719	1,306	1,306
Share Capital	35,702	35,702	35,702	35,702
Reserves	671	671	498	498
Accumulated Losses	(4,603)	(4,603)	(4,308)	(4,308)
	31,770	31,770	31,892	31,892
Treasury Shares	–	(3,263)	–	(3,263)
Shareholders' Equity	31,770	28,507	31,892	28,629
NTA [(1)]	31,770	28,507	31,892	28,629
Current Assets	32,815	29,552	28,861	25,598
Current Liabilities	6,851	6,851	6,775	6,775
Working Capital	25,964	22,701	22,086	18,823
Total Borrowings	22,563	22,563	21,243	21,243
Total Liabilities	23,210	23,210	23,134	23,134
Cash and Cash Equivalents	21,328	18,065	16,049	12,786
Number of Shares excluding Treasury Shares ('000)	526,308	473,677	526,308	473,677
Financial Ratios				
NTA per Share (Cents)	6.04	6.02	6.06	6.04
Earnings per Share (Cents) [(2)]	0.14	0.15	0.25	0.28
Gearing [(3)]	0.71	0.79	0.67	0.74
Current Ratio [(4)]	4.79	4.31	4.26	3.78

Notes:

(1) Net tangible assets ("**NTA**") equals total equity less minority interest less intangible assets.

(2) For illustrative purposes, earnings per Share is computed based on profit after tax and number of Shares as shown in the table above.

(3) Gearing equals total borrowings for the Group and Company respectively, divided by Shareholders' equity.

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

B. Market Purchase or Off-Market Purchase made entirely out of capital or profit and cancelled

	GROUP		COMPANY	
	Before Share Purchase (S$'000)	**After Share Purchase (S$'000)**	**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**
As at 30 June 2018				
Profit for the year	719	719	1,306	1,306
Share Capital	35,702	32,439	35,702	32,439
Reserves	671	671	498	498
Accumulated Losses	(4,603)	(4,603)	(4,308)	(4,308)
	31,770	28,507	31,892	28,629
Treasury Shares	–	–	–	–
Shareholders' Equity	31,770	28,507	31,892	28,629
NTA [(1)]	31,770	28,507	31,892	28,629
Current Assets	32,815	29,552	28,816	25,598
Current Liabilities	6,851	6,851	6,775	6,775
Working Capital	25,964	22,701	22,086	18,823
Total Borrowings	22,563	22,563	21,243	21,243
Total Liabilities	23,210	23,210	23,134	23,134
Cash and Cash Equivalents	21,328	18,065	16,049	12,786
Number of Shares excluding Treasury Shares ('000)	526,308	473,677	526,308	473,677
Financial Ratios				
NTA per Share (Cents)	6.04	6.02	6.06	6.04
Earnings per Share (Cents) [(2)]	0.14	0.15	0.25	0.28
Gearing [(3)]	0.71	0.79	0.67	0.74
Current Ratio [(4)]	4.79	4.31	4.26	3.78

Notes:

(1) NTA equals total equity less minority interest less intangible assets.

(2) For illustrative purposes, earnings per Share is computed based on profit after tax and number of Shares as shown in the table above.

(3) Gearing equals total borrowings for the Group and Company respectively, divided by Shareholders' equity.

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

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

The actual impact will depend on the number and price of the Shares purchase. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the earnings per Share and/or net asset value per Share of the Group.

Although the Share Purchase Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares) in assessing the relative impact of a share before execution.

2.9 Tax Implication

Shareholders should note that the following general overview of the Singapore tax position is not to be regarded as advice on the tax position of any Shareholder, or on any tax implications arising from the proposed Share Purchase Mandate. Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

2.10 Reporting Requirements

2.10.1 The Companies Act requires the Company to make reports in relation to the Share Purchase Mandate as follows:

(a) within thirty (30) days of the passing of a Shareholders' resolution to approve the purchase of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA;

(b) within thirty (30) days of a purchase of Shares on the Catalist board or otherwise the Company shall lodge with ACRA the notice of the purchase in the prescribed for, such notification including *inter alia*, details of the purchase, the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company; and

(c) within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

2.10.2 The Catalist Rules specifies that a listed company shall report to the SGX-ST, in the forms prescribed by the Catalist Rules, and announced to the public, all purchases of its shares to the SGX-ST no later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the market day following the day of purchase of any of its shares;

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer; and

The notification of such purchase or acquisition of shares to the SGX-ST shall be in the form of Appendix 8D prescribed by the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that the latter provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary announcements.

2.11 Details of Shares Bought by the Company in the Previous 12 Months

The Company did not purchase any Shares pursuant to the previous renewal of the Share Purchase Mandate approved by the Shareholders at the AGM held on 30 October 2017 up to the Latest Practicable Date.

2.12 Interests of Directors and Substantial Shareholders

Assuming (i) the Company purchases the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date, and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders, based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders of the Company maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the purchase of Shares were/will be as follows:

	Direct Interest		Deemed Interest		Total Interest (Before Share Purchase)		Total Interest (After Share Purchase)	
Directors	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
Mr Koh Kian Soo [(1), (3)]	–	–	30,000,000	5.70	30,000,000	5.70	30,000,000	6.33
Mr Tan Chee Wee (Chen Zhiwei)	–	–	–	–	–	–	–	–
Mr Woo Peng Kong	–	–	–	–	–	–	–	–
Mr Kwan Chee Wai	–	–	–	–	–	–	–	–
Ms Pan Pei Say	–	–	–	–	–	–	–	–
Substantial Shareholder (Other than Directors)								
JK Global Assets Pte. Ltd. [(2)]	376,002,000	71.44	–	–	376,002,000	71.44	376,002,000	79.38
Mr Koh Wee Meng [(2), (3)]	–	–	376,002,000	71.44	376,002,000	71.44	376,002,000	79.38
Ms Ko Lee Meng [(3)]	30,000,000	5.70	–	–	30,000,000	5.70	30,000,000	6.33

Notes:

(1) Mr Koh Kian Soo is deemed to be interested in the ordinary voting shares in the Company held by his spouse, Ms Ko Lee Meng, by virtue section 7 of the Companies Act.

(2) Mr Koh Wee Meng is deemed to be interested in the ordinary voting shares in the Company held by JK Global Assets Pte. Ltd. by virtue of him being the sole shareholder of JK Global Assets Pte. Ltd..

(3) Mr Koh Wee Meng is the brother of Ms Ko Lee Meng and the brother-in-law of Mr Koh Kian Soo.

Based on the information set out above and assuming that there is no change in the shareholding interests of the Directors and Substantial Shareholders as set out above since the Latest Practicable Date, none of the Directors and Substantial Shareholders referred to above is expected to incur an obligation to make a general offer to other Shareholders under the Take-over Code, in the event that the Company undertake Share purchases of up to the limit of ten per cent. (10%) of the issued Shares of the Company as permitted under the Share Purchase Mandate.

3. Directors' Recommendation

Having fully considered, *inter alia*, the rationale as set out on section 2.2 of the Appendix, the Directors are of the opinion that the proposal renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of ordinary resolution 11 as set out in the Notice of AGM.

4. Action to be taken by Shareholders

If a Shareholder is unable to attend the forthcoming AGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the proxy form attached to the Annual Report in accordance with the instructions printed thereon.

The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the forthcoming AGM if he so wishes in place of the proxy.

A Depositor shall not be regarded as a Shareholder of the Company and not entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register and/or the Register of Members at least seventy-two (72) hours before the AGM.

5. Directors' Responsibility Statement

The Directors of the Company 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 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 produced in the Appendix in its proper form and context.

6. Documents Available for Inspection

The following documents are available for inspection at the registered office of the Company at 456 Alexandra Road #02-09 Fragrance Empire Building Singapore 119962 during normal business hours from the date of this Appendix up to and including the date of the forthcoming AGM:

(a) the Company's Constitution; and

(b) the Annual Report of the Company for FY2018.

Yours faithfully,
For and on behalf of the Board of Directors of
GLOBAL DRAGON LIMITED

Koh Kian Soo
Executive Chairman