

**CIRCULAR DATED 4 APRIL 2016**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

If you have sold or transferred all your ordinary shares in the capital of ValueMax Group Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Annual General Meeting and the accompanying Proxy Form 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.

**The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**



**VALUEMAX GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200307530N)

**CIRCULAR TO SHAREHOLDERS**

**DATED 4 April 2016**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form : 17 April 2016 at 10.00 a.m.

Date and time of Annual General Meeting : 19 April 2016 at 10.00 a.m.

Place of Annual General Meeting : The Singapore Chinese Chamber of Commerce  
Conference Room, Level 2, 47 Hill Street,  
Singapore 179365

## CONTENTS

	<b>Page</b>
<b>DEFINITIONS</b> .....	3
<b>1. INTRODUCTION</b> .....	6
<b>2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE</b> .....	6
<b>3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS</b> .....	19
<b>4. DIRECTORS' RECOMMENDATION</b> .....	20
<b>5. ANNUAL GENERAL MEETING</b> .....	20
<b>6. DIRECTORS' RESPONSIBILITY STATEMENT</b> .....	20
<b>7. INSPECTION OF DOCUMENTS</b> .....	20

## DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

<b>“Act”</b>	: The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
<b>“ACRA”</b>	: The Accounting and Corporate Regulatory Authority of Singapore
<b>“AGM”</b>	: Annual General Meeting
<b>“Average Closing Price”</b>	: Has the meaning ascribed to it in section 2.3(e) of this Circular
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Circular”</b>	: This circular dated 4 April 2016
<b>“Company”</b>	: ValueMax Group Limited
<b>“Constitution”</b>	: The constitution of the Company, as amended or modified from time to time
<b>“Date of the making of the offer”</b>	: Has the meaning ascribed to it in section 2.3(e) of this Circular
<b>“Directors”</b>	: The directors of the Company for the time being
<b>“EPS”</b>	: Earnings per Share
<b>“EGM”</b>	: Extraordinary general meeting
<b>“FY2015”</b>	: The financial year ended 31 December 2015
<b>“Group”</b>	: The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	: The latest practicable date prior to the printing of this Circular, being 21 March 2016
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as may be amended or modified from time to time
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“Maximum Price”</b>	: Has the meaning ascribed to it in section 2.3(e) of this Circular
<b>“NTA”</b>	: Net tangible assets, being net assets less intangible assets (excluding non-controlling interests)
<b>“Notice of AGM”</b>	: The notice of the AGM dated 4 April 2016
<b>“Off-Market Purchase”</b>	: Off-market share acquisition
<b>“On-Market Purchase”</b>	: On-market share acquisition

“ <b>Relevant Period</b> ”	: The period commencing from the date on which the AGM is held and the resolutions on the Share Buy Back Mandate are passed and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders in a general meeting
“ <b>Rule 14</b> ”	: Rule 14 of the Take-over Code
“ <b>Securities Account</b> ”	: A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“ <b>SGXNET</b> ”	: The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“ <b>SGX-ST</b> ”	: The Singapore Exchange Securities Trading Limited
“ <b>Share Buy Back Mandate</b> ”	: The proposed general and unconditional mandate to authorise the Directors to exercise all the powers of the Company to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular
“ <b>Share Purchase</b> ”	: The purchase of Shares by the Company pursuant to the Share Buy Back Mandate
“ <b>Shareholders</b> ”	: The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those Shares
“ <b>Shares</b> ”	: Ordinary shares in the issued share capital of the Company
“ <b>SIC</b> ”	: Securities Industry Council
“ <b>\$</b> ” and “ <b>cents</b> ”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“ <b>Take-over Code</b> ”	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“ <b>%</b> ” or “ <b>per cent.</b> ”	: Percentage or per centum

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

The term “**associate**” and “**controlling shareholders**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**subsidiaries**” and “**Substantial Shareholders**” shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to ValueMax Group Limited.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

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

# VALUEMAX GROUP LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 200307530N)

## Directors:

Phua Tin How (*Non-Executive Chairman and Independent Director*)  
Yeah Hiang Nam (*Managing Director and CEO*)  
Yeah Lee Ching (*Executive Director*)  
Yeah Chia Kai (*Executive Director*)  
Lim Tong Lee (*Independent Director*)  
Lim Hwee Hai (*Independent Director*)

## Registered Office:

213 Bedok North Street 1  
#01-121  
Singapore 460213

4 April 2016

To: The Shareholders of ValueMax Group Limited

Dear Sir/Madam

## THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

### 1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Buy Back Mandate. Approval of Shareholders for the proposed renewal of the Share Buy Back Mandate will be sought at the AGM to be held on 19 April 2016 at 10.00 a.m. at the Singapore Chinese Chamber of Commerce Conference Room, Level 2, 47 Hill Street, Singapore 179365, notice of which is set out in the Notice of the Annual General Meeting dated 4 April 2016.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If any Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

#### 2.1 Introduction

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

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders. Shareholders had approved the Share Buy Back Mandate at the EGM of the Company held on 27 April 2015. Accordingly, Shareholders' approval is being sought for the proposed renewal of the Share Buy Back Mandate.

If the proposed renewal of the Share Buy Back Mandate is approved by Shareholders, it will remain in force during the Relevant Period. The Share Buy Back Mandate may be put to Shareholders for renewal at each subsequent AGM of the Company.

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

The Company proposes to seek Shareholders' approval for the renewal of the Share Buy Back Mandate to give Directors the flexibility to purchase the Shares if and when circumstances permit, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return on equity of the Group. Share Purchases are one of the ways through which Shareholders' value may be enhanced.

The Directors believe that the Share Buy Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements, in an expedient and cost-efficient manner. Share Purchases also allow the Directors to exercise control over the Company's capital structure, dividend pay-out and cash reserves and, depending on market conditions, may lead to an enhancement of the EPS and/or NTA per Share. The Directors further believe that Share Purchases may also help to mitigate short-term market volatility and offset the effects of share price speculation.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases, after taking into account factors such as the amount of surplus cash available and the prevailing market conditions.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or Shareholders. No Share Purchases will be made in circumstances which the Directors believe will have or may have a material adverse effect on the financial position, liquidity and/or listing status of the Group, and the working capital requirements and gearing level of the Group.

### **2.3 Authority and Limits of the Share Buy Back Mandate**

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate, if approved at the AGM, are summarised below:

#### **(a) Maximum Number of Shares**

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

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate during the Relevant Period or within any one financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Buy Back Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit.

As an illustration, based on the Company's existing issued and paid-up share capital as at the Latest Practicable Date, comprising 533,497,960 Shares and assuming that no further Shares are issued on or prior to the AGM and no Shares are held by the Company as treasury shares, not more than 53,349,000 Shares (representing not more than 10% of the issued ordinary shares of the Company as at that date) may be bought or acquired by the Company pursuant to the proposed Share Buy Back Mandate.

#### **(b) Duration of Authority**

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

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied by the Company in a general meeting, whichever is the earlier; or
- (iii) the date on which the Share Purchases are carried out to the full extent of the Share Buy Back Mandate.

**(c) Manner of Purchase or Acquisition of Shares**

The Shares may be purchased or acquired by way of:

- (i) an On-Market Purchase transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
- (ii) an Off-Market Purchase pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST.

**(d) Information on Off-Market Purchases**

As prescribed by the Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds issued Shares, to purchase or acquire the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers must be the same, except that there shall be disregarded:-
  - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (B) if applicable, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchase;
- (iv) the consequences, if any, of share buy backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share buy back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Purchase made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), specifying the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.



**(e) Maximum Price to be Paid for the Shares**

The Directors may determine the purchase price to be paid per Share for any Share Purchase, provided that the price paid per Share in relation to a Share to be purchased or acquired, must not exceed 105% of the Average Closing Price (as defined below) (the “**Maximum Price**”).

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses.

For the above purposes,

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the date on which an On-Market Purchase was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action which occurs after the relevant 5-day period; and

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

**2.4 Status of Purchased Shares**

The Shares purchased by the Company may be held in treasury as treasury shares. Upon the purchase of the treasury shares, the Company will be registered as a member in respect of the treasury shares but will not have the right to attend or vote at meetings or receive dividends in respect to them. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

The Act currently restricts the maximum permitted holding, as treasury shares, of the number of Shares of the relevant class of shares to 10% of the total number of issued Shares. Any treasury share which exceeds this must either be disposed of or cancelled within 6 months after the limit is first exceeded.

Disposal options (exercisable at any time) available to the Company holding treasury shares are as follows:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employee’s share scheme;
- (c) transfer the treasury shares (or any of them) as consideration for acquisitions of shares or other assets;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister of Finance may by order prescribe.

As at the Latest Practicable Date, the Company does not hold any of its Shares as treasury shares.

Under Rule 704(28) of the Listing Manual, the Company must make an immediate announcement via SGXNET if there is any sale, transfer, cancellation and/or use of treasury shares. Such announcement must state the following:

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

Pursuant to the Act, Shares bought back by the Company, unless kept as treasury shares, shall be deemed cancelled. The Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company will remain unchanged.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. At the time of each Share Purchase, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, depending on the needs of the Company at that time.

## **2.5 Source of Funds**

In undertaking Share Purchases, the Company shall only apply funds legally available in accordance with its Constitution and the applicable laws in Singapore.

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

The Act provides that purchases and acquisitions of Shares may be made out of the Company's capital or profits so long as the Company is solvent. For this purpose, the Company is "solvent" if:

- (a) it is able to pay its debts in full at the time that payment is made for Shares under the Share Buy Back Mandate, and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of such payment; and
- (b) 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 or acquisition become less than the value of its liabilities (including contingent liabilities).

In determining, for the above purposes, whether the value of the Company's assets is less than the value of its liabilities (including contingent liabilities), the Directors or the Company's management (a) must have regard to the most recent financial statements of the Company and all other circumstances that the Directors or the management know or ought to know affect, or may affect, the value of the Company's assets and the value of the Company's liabilities (including contingent liabilities); and (b) may rely on valuations of assets or estimates of liabilities that are reasonable in the circumstances. Where the value of contingent liabilities are required to be determined, the Directors or management may take into account the likelihood of the contingency occurring and any claim that the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use its internal funds and/or external borrowings to undertake its Share Purchases.

## **2.6 Financial Effects of the Share Buy Back Mandate**

Pursuant to the Act, Shares bought back by the Company, unless kept as treasury shares, are cancelled immediately on purchase or acquisition. All rights and privileges attached to the purchased Shares shall expire upon cancellation.

Where the consideration paid by the Company for the purchase or acquisition of the Shares (excluding related brokerage, goods and services tax, stamp duties and clearance fees) is paid for using:

- (a) the Company's capital, it will not reduce the amount available for distribution of dividends by the Company; or
- (b) the Company's profits, it will reduce the amount available for distribution of dividends by the Company,

the net tangible assets of the Company and the consolidated net tangible assets of the Group will be reduced by the dollar value of the Shares bought.

For illustrative purposes only, assuming the Company had exercised the Share Buy Back Mandate in full and purchased 53,349,000 Shares at the Maximum Price of \$0.27 for each Share (being 5.0% above the average of the closing market prices of the Shares for the 5 Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the financial effects of the purchase or acquisition of the Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made:

- (a) entirely out of capital and held as treasury shares;
- (b) entirely out of profits and held as treasury shares;
- (c) entirely out of capital and cancelled; and
- (d) entirely out of profits and cancelled,

based on the latest audited financial statements of the Company for FY2015 are set out below:

**(i) Purchases or Acquisitions Made Entirely out of Capital and Held as Treasury Shares**

	Company		Group	
	As at FY2015 \$'000	After share buy back \$'000	As at FY2015 \$'000	After share buy back \$'000
Share capital	78,313	78,313	78,313	78,313
Reserves	–	–	(6,508)	(6,508)
Accumulated profits	50,919	50,919	83,673	83,673
Treasury shares	–	(14,396)	–	(14,396)
Total shareholders' funds	129,232	114,836	155,478	141,082
Non-controlling Interests	–	–	4,208	4,208
Total equity	129,232	114,836	159,686	145,290
Net Tangible Assets <sup>(1)</sup>	129,232	114,836	155,027	140,631
Current assets	83,035	68,639	219,362	207,330
Current liabilities	1,199	1,199	111,633	113,997
Working capital	81,836	67,440	107,729	93,333
Total borrowings	–	–	102,702	105,066
Cash and bank balances	479	–	12,032	–
Total liabilities	1,229	1,229	113,339	115,703
Profit attributable to owners of the Company	7,745	7,745	10,045	10,045
Total number of Shares ('000)	533,498	480,149	533,498	480,149
Net Tangible Assets per Share (cents)	24.22	23.92	29.06	29.29
Gearing ratio (%) <sup>(2)</sup>	N.M. <sup>(4)</sup>	N.M. <sup>(4)</sup>	56.78	72.31
Working Capital Ratio (times) <sup>(3)</sup>	69.25	57.25	1.97	1.82
Earnings per Share (cents)	1.45	1.61	1.88	2.09

**Notes:**

- (1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.
- (3) Working Capital Ratio is calculated based on current assets divided by current liabilities.
- (4) Not meaningful.

**(ii) Purchases or Acquisitions Made Entirely out of Profits and Held as Treasury Shares**

	Company		Group	
	As at FY2015 S\$'000	After share buy back S\$'000	As at FY2015 S\$'000	After share buy back S\$'000
Share capital	78,313	78,313	78,313	78,313
Reserves	–	–	(6,508)	(6,508)
Accumulated profits	50,919	50,919	83,673	83,673
Treasury shares	–	(14,396)	–	(14,396)
Total shareholders' funds	129,232	114,836	155,478	141,082
Non-controlling Interests	–	–	4,208	4,208
Total equity	129,232	114,836	159,686	145,290
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Earnings per Share (cents)	1.45	1.61	1.88	2.09

**Notes:**

- (1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.
- (3) Working Capital Ratio is calculated based on current assets divided by current liabilities.
- (4) Not meaningful.

**(iii) Purchases or Acquisitions Made Entirely out of Capital and Cancelled**

	Company		Group	
	As at FY2015 S\$'000	After share buy back S\$'000	As at FY2015 S\$'000	After share buy back S\$'000
Share capital	78,313	63,917	78,313	63,917
Reserves	–	–	(6,508)	(6,508)
Accumulated profits	50,919	50,919	83,673	83,673
Total shareholders' funds	129,232	114,836	155,478	141,082
Non-controlling Interests	–	–	4,208	4,208
Total equity	129,232	114,836	159,686	145,290
Net Tangible Assets <sup>(1)</sup>	129,232	114,836	155,027	140,631
Current assets	83,035	68,639	219,362	207,330
Current liabilities	1,199	1,199	111,633	113,997
Working capital	81,836	67,440	107,729	93,333
Total borrowings	–	–	102,702	105,066
Cash and bank balances	479	–	12,032	–
Total liabilities	1,229	1,229	113,339	115,703
Profit attributable to owners of the Company	7,745	7,745	10,045	10,045
Total number of Shares ('000)	533,498	480,149	533,498	480,149
Net Tangible Assets per Share (cents)	24.22	23.92	29.06	29.29
Gearing ratio (%) <sup>(2)</sup>	N.M. <sup>(4)</sup>	N.M. <sup>(4)</sup>	56.78	72.31
Working Capital Ratio (times) <sup>(3)</sup>	69.25	57.25	1.97	1.82
Earnings per Share (cents)	1.45	1.61	1.88	2.09

**Notes:**

- (1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.
- (3) Working Capital Ratio is calculated based on current assets divided by current liabilities.
- (4) Not meaningful.

**(iv) Purchases or Acquisitions Made Entirely out of Profits and Cancelled**

	Company		Group	
	As at FY2015 S\$'000	After share buy back S\$'000	As at FY2015 S\$'000	After share buy back S\$'000
Share capital	78,313	78,313	78,313	78,313
Reserves	–	–	(6,508)	(6,508)
Accumulated profits	50,919	36,523	83,673	69,277
Total shareholders' funds	129,232	114,836	155,478	141,082
Non-controlling Interests	–	–	4,208	4,208
Total equity	129,232	114,836	159,686	145,290
Net Tangible Assets <sup>(1)</sup>	129,232	114,836	155,027	140,631
Current assets	83,035	68,639	219,362	207,330
Current liabilities	1,199	1,199	111,633	113,997
Working capital	81,836	67,440	107,729	93,333
Total borrowings	–	–	102,702	105,066
Cash and bank balances	479	–	12,032	–
Total liabilities	1,229	1,229	113,339	115,703
Profit attributable to owners of the Company	7,745	7,745	10,045	10,045
Total number of Shares ('000)	533,498	480,149	533,498	480,149
Net Tangible Assets per Share (cents)	24.22	23.92	29.06	29.29
Gearing ratio (%) <sup>(2)</sup>	N.M. <sup>(4)</sup>	N.M. <sup>(4)</sup>	56.78	72.31
Working Capital Ratio (times) <sup>(3)</sup>	69.25	57.25	1.97	1.82
Earnings per Share (cents)	1.45	1.61	1.88	2.09

**Notes:**

- (1) Net Tangible Assets and shareholders' funds have excluded non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings less cash and bank balances divided by total equity.
- (3) Working Capital Ratio is calculated based on current assets divided by current liabilities.
- (4) Not meaningful.

The financial impact is the same whether the Shares are purchased via On-Market Purchases or Off-Market Purchases. The Group had a balance of \$12.0 million in cash and bank balances as at 31 December 2015. Assuming the buy back of up to 53,349,000 Shares at the Maximum Price of \$0.27 per Share, the Group's cash reserves would be reduced by \$12.0 million and an increase in total borrowings by \$2.4 million, all other things remaining the same, the working capital and net tangible assets of the Group and the Company would be reduced by the dollar value of the Shares purchased. The consolidated net tangible assets value per Share after the buy back of 53,349,000 Shares would be increased to 29.29 cents.

As illustrated in the tables above, the purchase of the Shares would reduce the current assets and shareholders' funds of the Group and the Company accordingly. This would result in an increase in the gearing ratio of the Company and the Group. The consolidated EPS as a result of the buy back of 53,349,000 Shares would be increased from 1.88 cents to 2.09 cents.

The actual impact on the gearing and working capital ratio of the Company would depend on the number of Shares purchased and the price or prices at which the Shares are purchased. The actual impact on the respective ratios will depend on the number and price of the Shares bought back. The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company and the Group.

The acquisition and purchase of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of surplus cash and other financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buy Back Mandate will be exercised with a view to enhancing the EPS of the Group.

**Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 31 December 2015, and are not representative of the Group's future financial performance.**

**Although the Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back all 10% of the issued Shares in full.**

**In particular, the maximum number of Shares that the Company may purchase under the Act is limited by the solvency requirements set out in the Act.**

## **2.7 Taxation**

**Shareholders are advised to obtain independent professional advice if they are uncertain about the impact of share buy backs on their overall tax position, whether in Singapore or in other jurisdictions in the world.**

## **2.8 Reporting Requirements**

The Act and the Listing Manual require the Company to make the following reports in relation to the Share Buy Back Mandate:

- (a) to lodge a copy of the Shareholders' resolution approving the Share Buy Back Mandate with ACRA within 30 days of the passing of such resolution;
- (b) to notify ACRA of an acquisition or purchase of Shares on the SGX-ST or otherwise within 30 days. Such notification shall be in the prescribed form and shall include:
  - (i) the date of the acquisition or purchase;
  - (ii) the total number of Shares acquired or purchased;
  - (iii) the number of Shares cancelled;
  - (iv) the number of Shares held as treasury shares;
  - (v) the Company's issued share capital before the acquisition or purchase and after such acquisition or purchase;
  - (vi) the amount of consideration paid by the Company for the acquisition or purchase;
  - (vii) whether the Shares were purchased or acquired out of the profits or the capital of the Company; and
  - (viii) such other information as required by the Act; and



- (c) pursuant to the Listing Manual, to report purchases of Shares to the SGX-ST in the forms prescribed which shall include details including, *inter alia*, the date of purchase, the price paid and the number of issued shares remaining in the share capital of the company after the Share Purchases, and to make an announcement to the public:
  - (i) in the case of On-Market Purchases, not later than 9.00 a.m. on the Market Day following any day on which the Company makes an On-Market Purchase; and
  - (ii) in the case of Off-Market Purchases, not later than 9.00 a.m. on the second Market Day following the close of acceptance of offers made by the Company.

Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual and must include details of the total number of Shares purchased and the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

## **2.9 Suspension of buy back of Shares**

As the Company would be considered an “insider” in relation to any buy back of Shares, the Company will not buy Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any of its Shares during the period commencing two (2) weeks before the announcement of the Company’s financial results for each of the first three quarters of its financial year and one (1) month before the announcement of the Company’s full year financial results.

## **2.10 Listing Status on SGX-ST**

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As defined in the Listing Manual, the “public” refers to persons other than the directors, chief executive officer, Substantial Shareholders, or controlling shareholders of the company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 111,333,000 Shares held in the hands of the public (as defined above), representing 20.87% of the issued share capital of the Company. Assuming the Company exercises the Share Buy Back Mandate in full and purchases the maximum of 10% of its issued share capital from such public Shareholders, the number of Shares in the hands of the public would be reduced to 57,984,000 Shares, representing 10.87% of the issued share capital of the Company.

Accordingly, as at the Latest Practicable Date, the Company will be able to undertake the Share Purchase up to the full 10% limit pursuant to the Share Buy Back Mandate without affecting the listing status of the Shares on the Main Board of the SGX-ST.

## **2.11 Take-over Implications under the Take-over Code**

Pursuant to Appendix 2 of the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a Share buy back by the Company will be treated as an acquisition for the purposes of Rule 14.

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

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 be presumed to be acting in concert with each other:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above 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 20.0% but not more than 50.0% 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 in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions 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.

Consequently, a Director and persons acting in concert (as such term is defined in the Take-over Code) with him could, depending on the level of increase in his or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 as a result of the Company's buy back of Shares.

Unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 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 1% in any period of 6 months.

Based on the shareholdings of the Directors and the Substantial Shareholders in the Company as at the Latest Practicable Date, none of the Directors nor the substantial Shareholders will become obliged to make a mandatory offer by reason only of the buy back of 53,349,000 Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obliged to make a mandatory offer in the event that the Directors exercise the power to buy back Shares pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of share buy backs by the Company are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy Back Mandate is in force.

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 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.

## 2.12 Details of Share Purchases

The Company has not carried out any share purchase during the 12-month period preceding the Latest Practicable Date.

## 2.13 Limits on Shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

## 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders of the Company (that is, persons whose direct and indirect interests in the Company's issued share capital are equal to or more than 5%) are as follows:

Name	Before Share Buy Back (Number of Shares)			Before Share Buy Back (%) <sup>(1)</sup>	After Share Buy Back (%) <sup>(2)</sup>
	Direct Interest	Deemed Interest	Total Interest		
<b>Directors</b>					
Phua Tin How	–	–	–	–	–
Yeah Hiang Nam @ Yeo Hiang Nam <sup>(4)(5)</sup>	42,727,000	378,597,960	421,324,960	78.97	87.75
Yeah Lee Ching	–	–	–	–	–
Yeah Chia Kai	–	–	–	–	–
Lim Tong Lee	–	–	–	–	–
Lim Hwee Hai	–	1,141,000	1,141,000	0.21	0.24
<b>Substantial Shareholder</b>					
Yeah Holdings Pte. Ltd. <sup>(3)</sup>	188,869,960	150,000,000	338,869,960	63.52	70.58
Yeah Hiang Nam @ Yeo Hiang Nam <sup>(4)(5)</sup>	42,727,000	378,597,960	421,324,960	78.97	87.75
Tan Hong Yee <sup>(4)(5)</sup>	39,728,000	381,596,960	421,324,960	78.97	87.75

### Notes:-

- (1) As a percentage of the issued share capital of the Company comprising 533,497,960 Shares as at the Latest Practicable Date.
- (2) As a percentage of the issued share capital of the Company comprising 480,148,960 Shares (assuming that the Company purchases the maximum number of 53,349,000 Shares under the Share Buy Back Mandate).
- (3) Yeah Holdings Pte. Ltd. is a private limited company incorporated in Singapore on 12 November 2012. It is an investment holding company. The shareholders of Yeah Holdings Pte. Ltd. are Yeah Hiang Nam (35%), Tan Hong Yee (35%), Yeah Lee Ching (10%), Yeah Chia Wei (10%) and Yeah Chia Kai (10%).
- (4) By virtue of Section 7 of the Act, Yeah Hiang Nam and Tan Hong Yee are deemed to have an interest in the 338,869,960 shares held and deemed interested by Yeah Holdings Pte. Ltd.
- (5) Yeah Hiang Nam and Tan Hong Yee are husband and wife and as such are deemed to have an interest in the shares held by each other.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Share Buy Back Mandate, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

#### **4. DIRECTORS' RECOMMENDATION**

Having fully considered the rationale, the benefit and the information relating to the Share Buy Back Mandate, the Directors are of the opinion that the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Share Buy Back Mandate to be proposed at the AGM.

#### **5. ANNUAL GENERAL MEETING**

The AGM, notice of which is dated 4 April 2016, will be held at the Singapore Chinese Chamber of Commerce Conference Room, Level 2, 47 Hill Street, Singapore 179365 on 19 April 2016 at 10 a.m., for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution set out in the Notice of AGM.

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to the Annual Report of the Company for FY2015 a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898 not later than 48 hours before the time fixed for holding the AGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the AGM.

#### **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy Back Mandate, the Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

#### **7. INSPECTION OF DOCUMENTS**

The following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2015.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**VALUEMAX GROUP LIMITED**

Yeah Hiang Nam  
*Managing Director and CEO*