

APPENDIX DATED 13 APRIL 2015

THIS APPENDIX 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.

This Appendix is issued by China Environment Ltd. (the "**Company**"). Its purpose is to explain the rationale and provide information to the Shareholders for the proposed renewal of the Share Buy-Back Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on 28 April 2015 at 9.00 a.m. at Suntec Singapore, International Convention & Exhibition Centre, Level 3 Room 309, 1 Raffles Boulevard, Suntec City, Singapore 039591 (the "**2015 AGM**"). The notice of the 2015 AGM and the proxy form has been, or will be, despatched to Shareholders on the same date as the date of this Appendix.

If you have sold or transferred all your shares in the capital of the Company, you should forward this Appendix immediately 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 correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



CHINA ENVIRONMENT LTD.

(Incorporated in Singapore on 3 March 2003)

(Company Registration No. 200301902W)

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

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

General

“2015 AGM”	:	The annual general meeting of the Company to be held on 28 April 2015
“AGM”	:	An annual general meeting of the Company
“Appendix”	:	This appendix to the notice of annual general meeting dated 13 April 2015
“Approval Date”	:	Has the meaning ascribed to it in Section 2.3.1 of this Appendix
“Articles”	:	The articles of association of the Company, as amended or modified from time to time
“Associate”	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
“Associated Company”	:	A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company and/or its subsidiaries
“Average Closing Price”	:	Shall bear the meaning ascribed to it in Section 2.3.4 of this Appendix
“Board” or “Board of Directors”	:	The board of directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Company” or “China Environment”	:	China Environment Ltd.
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Companies Amendment Act”	:	The Companies (Amendment) Act 2005 of Singapore

“Controlling Shareholder”	:	A person who: (i) holds directly or indirectly fifteen per cent. (15%) or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
“Council”	:	The Securities Industry Council
“Depositor”	:	Has the meaning ascribed to it in section 130A of the Companies Act
“Depository Register”	:	Has the meaning ascribed to it in section 130A of the Companies Act
“Directors”	:	A director of the Company as at the date of this Appendix
“EPS”	:	Earnings per Share
“FY” or “Financial Year”	:	Financial year ending or ended 31 December
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	31 March 2015, being the latest practicable date prior to the despatch of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, supplemented or modified from time to time
“Mainboard”	:	The Mainboard of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Share Buy-Back”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
“Notice of AGM”	:	Notice of the 2015 AGM dated 13 April 2015
“NTA”	:	Net tangible assets
“Off-Market Share Buy-Back”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
“Proposed Renewal of the Share Buy-Back Mandate”	:	The proposed renewal of the Share Buy-Back Mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix
“Relevant Period”	:	Has the meaning ascribed to it under Section 2.1 of this Appendix
“Securities Accounts”	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Companies Act)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Share Buy-Back Mandate”	:	The general and unconditional mandate granted by the Shareholders to the Directors on 23 April 2014 to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares, and which is proposed to be renewed in the manner and on the terms set out in this Appendix
“Shares”	:	Ordinary shares in the capital of the Company
“Share Buy-Back”	:	The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Substantial Shareholder”	:	A person who has an interest or interests in voting Shares in the Company representing not less than five per cent. (5%) of all the voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended and modified from time to time
“Treasury Shares”	:	Issued Shares of the Company which was (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and has, since purchase, been continuously held by the Company

Currencies, units and others

“RMB”	:	The People's Republic of China Renminbi
“S\$”, “SGD” or “\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent.”	:	Percentage and per centum

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the said Companies Act.

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day or date in this Appendix is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

CHINA ENVIRONMENT LTD.

(Incorporated in Singapore on 3 March 2003)
(Company Registration No. 200301902W)

Directors :

Huang Min (Executive Chairman)
Wu Jida (Executive Director and Chief Executive Officer)
Andrew Bek (Executive Director)
Lin Song (Lead Independent Director)
Loh Wei Ping (Non-Executive and Independent Director)
Wu Yu Liang (Non-Executive and Independent Director)

Registered Office :

133 Cecil Street
#18-03 Keck Seng Tower
Singapore 069535

13 April 2015

To: The Shareholders of China Environment Ltd.

Dear Sir / Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for, the proposed renewal of a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares (the "**Share Buy-Back Mandate**"), on the terms of that mandate at the 2015 AGM to be held on 28 April 2015 at 9.00 a.m. (the "**Proposed Renewal of the Share Buy-Back Mandate**"). The Notice of AGM has been, or will be, despatched to Shareholders on the same date as the date of this Appendix.

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

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Appendix.

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

2.1 Proposed renewal of the Share Buy-Back Mandate

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

At the annual general meeting of the Company held on 23 April 2014, the Shareholders had granted the Share Buy-Back Mandate. The Share Buy-Back Mandate will expire on 28 April 2015, being the date of the 2015 AGM. It is proposed that such authority be renewed.

Accordingly, we seek Shareholders' approval at the forthcoming 2015 AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of such mandate. If renewed at the 2015 AGM, the Share Buy-Back Mandate will continue to be in force until the date the next AGM is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the date the next AGM is held or is required by law to be held, whichever is earlier) (the "**Relevant Period**").

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

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buy-back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share buy-backs provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA value per Share.

The Directors further believe that share buy-backs by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

Shares purchased by the Company can also be held as treasury shares which the Company can choose to re-issue to employees in order to reward, retain and motivate them.

If and when circumstances permit, the Directors will decide whether to effect the share buy-backs via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out share buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group (taking into account the working capital requirements of the Company or the gearing levels as opined by the Directors to be appropriate for the Company from time to time).

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on the Share Buy-Backs by the Company under the Share Buy-Back Mandate, if renewed at the 2015 AGM, are summarised below:-

2.3.1 Maximum number of Shares

The total number of Shares that 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 ten per cent. (10%) of the total issued ordinary share capital of the Company (ascertained as at the date of the 2015 AGM at which the Proposed Renewal of 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 Companies 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) (the "**Approval Date**"). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares shall be disregarded.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S\$172,695,600 comprising 808,020,646 Shares, and assuming that no further Shares are issued on or prior to the 2015 AGM, not more than 80,802,064 Shares (representing approximately ten per cent. (10%) of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 Duration of authority

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

- (i) the date on which the next annual general meeting is held or required by law to be held;
- (ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied.

2.3.3 Manner of Share Buy-Backs

Share Buy-Backs may be made by way of, *inter alia*:

- (i) on-market purchases (the “**Market Share Buy-Back**”), transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (the “**Off-Market Share Buy-Back**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them;
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (I) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (II) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (III) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buy-Back;
- (d) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the Official List of SGX-ST;
- (f) details of any Share Buy-Backs made by the Company in the previous twelve (12) months (whether Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs (where relevant) and the total consideration paid for such Share Buy-Backs; and
- (g) 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, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to the Share Buy-Backs as determined by the Directors must not exceed:

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

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

For the above purposes, the "**Average Closing Price**" means the average of the closing market prices of Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Share Buy-Back or, as the case may be, preceding the date of making an announcement by the Company of an offer for an Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

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

A Share purchased or acquired by the Company under the Share Buy-Back Mandate is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 Treasury shares

Under the Companies Act, as amended by the Companies Amendment Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under (i) the Listing Manual, and (ii) the Companies Act, as amended by the Companies Amendment Act, are summarised below:

2.5.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

In the event that the Company holds more than ten per cent. (10%) of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under section 2.5.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and other rights

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

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into 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.

2.5.3 Disposal and cancellation

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

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

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

2.5.4 Reporting obligation under the Listing Manual

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;

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

2.6 Source of funds for Share Buy-Backs

Previously, any purchase of Shares could only be made out of the Company's distributable profits that were available for payment as dividends. However, the Companies Act, as amended by the Companies Amendment Act, now permits the Company to also purchase its own Shares out of capital, as well as from its distributable profits, provided that:

- (i) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and
- (ii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities).

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

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

The Company intends to use internal resources and/or external borrowings to finance its Share Buy-Backs.

The Directors will only carry out the Share Buy-Backs as and when they consider it to be in the best interests of the Company; and in circumstances that they believe would not result in a material adverse effect on the liquidity and working capital of the Company and the Group.

2.7 Financial effects of the Share Buy-Back Mandate

If the Share Buy-Backs are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares Buy-Backs by the Company. The consideration to be paid by the Company for the Share Buy-Backs (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. If, on the other hand, the Share Buy-Backs are not cancelled but held in treasury, then there is no change in the Company's issued capital. However, there will be financial effects as illustrated in paragraph 2.7.3.

The financial effects on the Company and the Group arising from Share Buy-Backs which may be made pursuant to the Proposed Renewal of Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Share Buy-Backs, the price at which such Shares are purchased or acquired, the amount (if any) borrowed by the Company to fund the Share Buy-Backs and whether the Shares are cancelled or held in treasury.

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Buy-Backs, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014 (the “FY2014”), are prepared on the assumptions set out below:

- (a) the Share Buy-Backs pursuant to the Share Buy-Back Mandate had taken place on 31 December 2014 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the Share Buy-Backs pursuant to the Share Buy-Back Mandate had taken place on 31 December 2014 for the purpose of computing the financial effects on the Shareholders’ equity, NTA per share and gearing of the Group and the Company; and
- (c) transaction costs incurred during the Share Buy-Backs pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purposes of computing the financial effects.

2.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, as amended by the Companies Amendment Act, Share Buy-Backs by the Company may be made out of the Company’s capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the Share Buy-Backs is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the Share Buy-Backs is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.7.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S\$172,695,600 comprising 808,020,646 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date ⁽¹⁾.

On 11 November 2013, the Company granted 3,500,000 share options, which have yet to be exercised, pursuant to its employee share option scheme. On 7 January 2015, the Company allotted 72,500,000 unlisted warrants, which have yet to be exercised, pursuant to the warrant deed dated 12 December 2014.

2.7.3 Financial effects

For illustration purposes only, and on the basis of the assumptions set out above, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made out of capital and held as treasury shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made out of capital and cancelled;

based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2014 are set out in the sections below. The SGD: RMB exchange rate used for illustration of the financial effects in the sections below is S\$1: RMB4.5179 as at the Latest Practicable Date.

The financial effects of the Share Buy-Backs by the Company pursuant to the Share Buy-Back Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the Share Buy-Backs pursuant to the Share Buy-Back Mandate by way of purchases made out of capital are set out in this Appendix.

2.7.3.1 Market Share Buy-Backs

For illustrative purposes only, in a market purchase, assuming that the Maximum Price is S\$0.1590, which is 105.0% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 80,802,064 Shares is S\$12,847,528 (equivalent to approximately RMB58,043,848). On this assumption, the impact of the Share Buy-Backs by the Company undertaken in accordance with the Share Buy-Back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2014 is as follows:

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
	RMB'000	Share Buy-Backs Cancelled RMB'000	Share Buy-Backs held as Treasury Shares RMB'000	RMB'000	Share Buy-Backs Cancelled RMB'000	Share Buy-Backs held as Treasury Shares RMB'000
As at 31 December 2014						
Net profit/(loss) after tax	69,560	69,560	69,560	(15,164)	(15,164)	(15,164)
Share capital	352,241	294,197	352,241	773,549	715,505	773,549
Treasury Shares	–	–	(58,044)	–	–	(58,044)
Accumulated profits/(accumulated loss)	414,805	414,805	414,805	(32,075)	(32,075)	(32,075)
Reserves	101,423	101,423	101,423	(11,014)	(11,014)	(11,014)
Total equity	878,333	820,289	820,289	730,460	672,416	672,416
NTA	878,333	820,289	820,289	730,460	672,416	672,416
Current assets	888,428	830,384	830,384	62,946	4,902	4,902
Current liabilities	354,392	354,392	354,392	6,039	6,039	6,039
Working capital	534,036	475,992	475,992	56,907	(1,137)	(1,137)
Total borrowings	169,904	169,904	169,904	–	–	–
Number of shares ('000)	735,521	654,719	654,719	735,521	654,719	654,719
Financial Ratios						
NTA per Share (RMB cents) ⁽¹⁾	119.4	125.3	125.3	99.3	102.7	102.7
Gearing (times) ⁽²⁾	0.2	0.2	0.2	–	–	–
Current ratio (times)	2.5	2.3	2.3	10.4	0.8	0.8
EPS (RMB cents) ⁽¹⁾	9.5	10.6	10.6	(2.1)	(2.3)	(2.3)
ROE (%)	7.9	8.5	8.5	(2.1)	(2.3)	(2.3)

Notes:

- (1) The NTA per Share and EPS are computed based on the total number of Shares in issue as at the 31 December 2014, instead of the weighted average number of Shares in issue for the respective period presented.
- (2) Calculated based on the total borrowings divided by the total equity.

2.7.3.2 Off-Market Share Buy-Backs

For illustrative purposes only, in an off-market purchase, assuming that the Maximum Price is S\$0.1817, which is 120.0% of the Average Closing Price, the maximum amount of funds required for the purchase of up to 80,802,064 Shares is S\$14,681,735 (equivalent to approximately RMB66,330,611). On this assumption, the impact of the Share Buy-Backs by the Company undertaken in accordance with the Share Buy-Back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2014 is as follows:

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
	RMB'000	Share Buy-Backs Cancelled RMB'000	Share Buy-Backs held as Treasury Shares RMB'000	RMB'000	Share Buy-Backs Cancelled RMB'000	Share Buy-Backs held as Treasury Shares RMB'000
As at 31 December 2014						
Net profit/(loss) after tax	69,560	69,560	69,560	(15,164)	(15,164)	(15,164)
Share capital	352,241	285,910	352,241	773,549	707,218	773,549
Treasury Shares	–	–	(66,331)	–	–	(66,331)
Accumulated profits/(accumulated loss)	414,805	414,805	414,805	(32,075)	(32,075)	(32,075)
Reserves	101,423	101,423	101,423	(11,014)	(11,014)	(11,014)
Total equity	878,333	812,002	812,002	730,460	664,129	664,129
NTA	878,333	812,002	812,002	730,460	664,129	664,129
Current assets	888,428	822,097	822,097	62,946	(3,385)	(3,385)
Current liabilities	354,392	354,392	354,392	6,039	6,039	6,039
Working capital	534,036	467,705	467,705	56,907	(9,424)	(9,424)
Total borrowings	169,904	169,904	169,904	–	–	–
Number of shares ('000)	735,521	654,719	654,719	735,521	654,719	654,719
Financial Ratios						
NTA per Share (RMB cents) ⁽¹⁾	119.4	124.0	124.0	99.3	101.4	101.4
Gearing (times) ⁽²⁾	0.2	0.2	0.2	–	–	–
Current ratio (times)	2.5	2.3	2.3	10.4	(0.6)	(0.6)
EPS (RMB cents) ⁽¹⁾	9.5	10.6	10.6	(2.1)	(2.3)	(2.3)
ROE (%)	7.9	8.6	8.6	(2.1)	(2.3)	(2.3)

Notes:

- (1) The NTA per Share and EPS are computed based on the total number of Shares in issue as at the 31 December 2014, instead of the weighted average number of Shares in issue for the respective period presented.
- (2) Calculated based on the total borrowings divided by the total equity.

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 Share Buy-Backs will only be effected after taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements of the Group) and non-financial factors (such as market conditions and performance of the Shares).

Shareholders should note that the financial effects set out above are for illustrative 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 FY2014 and is not necessarily representative of the future financial performance of the Company and the Group.

Although the Proposed Renewal of the Share Buy-Back Mandate would authorise the Company to purchase up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy-back or be able to buy-back ten per cent. (10%) of the issued Shares in full. In addition, the Company may cancel all or part of the Share Buy-Backs or hold all or part of the Share Buy-Backs as treasury shares.

2.8 Listing Manual

Under the Listing Manual, 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 price 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 for a Share in relation to Market Purchases by the Company, referred to in Section 2.3.4 of this Appendix, conforms to this restriction.

Further, the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of a Market Share Buy-Back, on the Market Day following the day of purchase or acquisition of any of its shares and; (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual, which requires the inclusion of details of the total number of Shares purchased, the purchase price per share or the highest and lowest prices paid for such Shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Renewal of Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in compliance with Rule 1207(19)(c) of the Listing Manual, the Company would not purchase or acquire any Shares through Share Buy-Backs during the period commencing two (2) weeks and one (1) month immediately preceding the announcement of the Company's interim results and the annual (full-year) results, respectively.

Rule 723 of the Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities must be held by public shareholders.

For illustrative purposes only, as at the Latest Practicable Date, approximately 54.44% of the issued share capital of the Company (excluding treasury shares) are held by public Shareholders. Assuming that the Company undertakes Share Buy-Backs up to the maximum of ten per cent. (10%) pursuant to the Proposed Renewal of the Share Buy-Back Mandate, the percentage of Shares held by the public would be approximately 49.38%.

Accordingly, the Company is of the view that there are sufficient Shares in issue held by public Shareholders which would permit the Company to undertake Share Buy-Back up to the full ten per cent. (10%) limit pursuant to the Proposed Renewal of the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Take-over Obligations

Appendix 2 of the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.9.1 Obligation to make a take-over offer

If, as a result of Share Buy-Backs, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

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

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with 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 company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company;
- (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 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 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, and any person who is accustomed to act according to his instructions and companies controlled by any of the above.

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 Share Buy-Back by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

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 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 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 resolution authorising the Proposed Renewal of the Share Buy-Back Mandate.

With regard to Directors and persons acting in concert with them, 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 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 more than one per cent. (1%) in any period of six (6) months, such Directors and persons acting in concert with them will be exempted from the requirement to make a take-over offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) this Appendix to contain advice to the effect that by voting for the Proposed Renewal of the Share Buy-Back Mandate, Shareholders are waiving their right to a take-over offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its shares, would increase their voting rights to thirty per cent. (30%) or more, or, if they together hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of 6 months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buyback to be disclosed in this same Appendix;
- (b) the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Proposed Renewal of the Share Buy-Back Mandate
- (c) Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate;
- (d) within 7 days after the passing of the resolution to authorize the Proposed Renewal of the Share Buy-Back Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council;
- (e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:-
 - the date on which the authority of the Proposed Renewal of the Share Buy-Back Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and

- (f) Directors and/or persons acting in concert with them, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:-
- the date on which the authority of the Proposed Renewal of the Share Buy-Back Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the Share Buy-Back and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for Council's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

2.9.4 Application of the Take-over Code

As at the Latest Practicable Date, the aggregate shareholdings and voting rights of the Directors, Substantial Shareholders and their concert parties and in the event of Share Buy-Backs up to the maximum of ten per cent. (10%) of the issued share capital of the Company as permitted by the Proposed Renewal of Buy-Back Mandate are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date ⁽⁵⁾			Percentage of Shares and voting rights after the maximum Share Purchases permitted under the Proposed Renewal of the Share Buy-Back Mandate ⁽⁶⁾		
	Direct Interest	Deemed Interest	Total Interest	Direct Interest	Deemed Interest	Total Interest
	Number of Shares	Number of Shares	%	Number of Shares	Number of Shares	%
Directors						
Huang Min ⁽¹⁾	3,220,000	148,483,000	18.78	3,220,000	148,483,000	20.86
Wu Jida ⁽²⁾	-	5,000,000	0.62	-	5,000,000	0.69
Andrew Bek	19,687,000	-	2.44	19,687,000	-	2.71
Lin Song	-	-	-	-	-	-
Loh Wei Ping	-	-	-	-	-	-
Wu Yu Liang	-	-	-	-	-	-
Substantial Shareholders						
Ma Ong Kee ⁽³⁾	-	118,262,100	14.64	-	118,262,100	16.26
Prosper Big International Limited ⁽¹⁾⁽⁴⁾	3,755,000	144,728,000	18.38	3,755,000	144,728,000	20.42
GlobalWin International Consultants Limited ⁽⁵⁾	-	72,500,000	8.97	-	72,500,000	9.97
Dharma Rustam Winata ⁽⁶⁾	1,000,000	72,500,000	9.10	1,000,000	72,500,000	10.11

Notes:

- (1) The Company's Executive Chairman, Mr Huang Min, has deemed interest in the:
 - (i) 3,755,000 Shares held by Prosper Big International Limited, which is wholly-owned by him;
 - (ii) 99,728,000 Shares held by Prosper Big International Limited, which is wholly-owned by him, through Credit Suisse AG, Singapore Branch's client account with Raffles Nominees (Pte) Ltd; and
 - (iii) 45,000,000 shares held by Prosper Big International Limited, which is wholly-owned by him, through LGT Bank (Singapore) Ltd's client trust account with Citibank Nominees Singapore Pte Ltd.
- (2) The Company's Chief Executive Officer, Mr Wu Jida, has deemed interest in the 5,000,000 Shares held by Good Billion Group Limited which is wholly-owned by him.
- (3) Mr Ma Ong Kee has deemed interest in the:
 - (i) 2,355,000 Shares held by Strategic Capital Holdings Ltd, which is wholly-owned by him, through DBSN Services Pte Ltd; and
 - (ii) 115,907,100 Shares held through OCBC Securities Private Limited.
- (4) Prosper Big International Limited has deemed interest in the:
 - (i) 99,728,000 Shares held through Credit Suisse AG, Singapore Branch's client account with Raffles Nominees (Pte) Ltd; and
 - (ii) 45,000,000 Shares held through LGT Bank (Singapore) Ltd's client trust account with Citibank Nominees Singapore Pte Ltd.
- (5) GlobalWin International Consultants Limited has a deemed interest in the 72,500,000 Shares held through DBS Nominees Banks Pte Ltd.
- (6) Mr Dharma Rustam Winata has a deemed interest in the 72,500,000 Shares held indirectly by GlobalWin International Consultants Limited through DBS Nominees Banks Pte Ltd.
- (7) Based on 808,020,646 issued Shares as at the Latest Practicable Date.
- (8) The above is based on the assumption that the Share Buy-Backs by the Company will be cancelled immediately.

Based on the above shareholdings of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, in the event the Company undertakes Share Buy-Backs of up to ten per cent. (10%) of the issued share capital of the Company as permitted under the Share Buy-Back Mandate, none of the voting rights of such Directors and Substantial Shareholders would increase to thirty per cent. (30%) or more. Accordingly, none of the Directors and Substantial Shareholders would become obliged to make a take-over offer of the Company under Rule 14 of the Take-over Code.

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

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Members, respectively, are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date ⁽⁵⁾		
	Direct Interest	Deemed Interest	Total Interest
	Number of Shares	Number of Shares	%
Directors			
Huang Min ⁽¹⁾	3,220,000	148,483,000	18.78
Wu Jida ⁽²⁾	–	5,000,000	0.62
Andrew Bek	19,687,000	–	2.44
Lin Song	–	–	–
Loh Wei Ping	–	–	–
Wu Yu Liang	–	–	–
Substantial Shareholders			
Ma Ong Kee ⁽³⁾	–	118,262,100	14.64
Prosper Big International Limited ⁽¹⁾⁽⁴⁾	3,755,000	144,728,000	18.38
GlobalWin International Consultants Limited ⁽⁵⁾	–	72,500,000	8.97
Dharma Rustam Winata ⁽⁶⁾	1,000,000	72,500,000	9.10

Notes:

- (1) The Company's Executive Chairman, Mr Huang Min, has deemed interest in the:
 - (i) 3,755,000 Shares held by Prosper Big International Limited, which is wholly-owned by him;
 - (ii) 99,728,000 Shares held by Prosper Big International Limited, which is wholly-owned by him, through Credit Suisse AG, Singapore Branch's client account with HSBC (Singapore) Noms Pte Ltd; and
 - (iii) 45,000,000 shares held by Prosper Big International Limited, which is wholly-owned by him, through LGT Bank (Singapore) Ltd's client trust account with Citibank Nominees Singapore Pte Ltd.
- (2) The Company's Chief Executive Officer, Mr Wu Jida, has deemed interest in the 5,000,000 Shares held by Good Billion Group Limited which is wholly-owned by him.
- (3) Mr Ma Ong Kee has deemed interest in the:
 - (i) 2,355,000 Shares held by Strategic Capital Holdings Ltd, which is wholly-owned by him, through DBSN Services Pte Ltd; and
 - (ii) 115,907,100 Shares held through OCBC Securities Private Limited.
- (4) Prosper Big International Limited has deemed interest in the:
 - (i) 99,728,000 Shares held through Credit Suisse AG, Singapore Branch's client account with Raffles Nominees (Pte) Ltd; and
 - (ii) 45,000,000 Shares held through LGT Bank (Singapore) Ltd's client trust account with Citibank Nominees Singapore Pte Ltd.

- (5) GlobalWin International Consultants Limited has a deemed interest in the 72,500,000 Shares held through DBS Nominees Banks Pte Ltd.
- (6) Mr Dharma Rustam Winata has a deemed interest in the 72,500,000 Shares held indirectly by GlobalWin International Consultants Limited through DBS Nominees Banks Pte Ltd.
- (7) Based on 808,020,646 issued Shares as at the Latest Practicable Date.
- (8) The above is based on the assumption that the Share Buy-Backs by the Company will be cancelled immediately.

As disclosed in paragraph 2.9.4 above, in the event that the Company undertakes Share Buy-Backs of up to ten per cent. (10%) of the issued share capital of the Company as permitted by the Proposed Renewal of the Share Buy-Back Mandate, none of the Directors and Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

4. SHARES PURCHASED BY THE COMPANY

The Company has not made any Share Buy-Backs in the twelve (12) months preceding the Latest Practicable Date.

5. LIMITS ON SHAREHOLDING

The Company does not have any limits on the shareholdings of the Shareholders.

6. ANNUAL GENERAL MEETING

The 2015 AGM, notice of which has been, or will be, despatched to Shareholders on the same date as the date of this Appendix, will be held on 28 April 2015 at 9.00 a.m. at Suntec Singapore, International Convention & Exhibition Centre, Level 3 Room 309, 1 Raffles Boulevard, Suntec City, Singapore 039591 for the purpose of considering and, if thought fit, passing, with or without modification, the ordinary resolution relating to the Proposed Renewal of the Share Buy-Back Mandate.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2015 AGM and wish to appoint a proxy to attend and vote at the 2015 AGM on their behalf will find attached to the Notice of AGM 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 registered office of the Company at 133 Cecil Street, #18-03 Keck Seng Tower, Singapore 069535, not later than 48 hours before the time fixed for holding the 2015 AGM.

The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2015 AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the 2015 AGM.

8. DIRECTORS' RECOMMENDATION ON THE ADOPTION OF THE PROPOSED RENEWAL OF THE BUY-BACK MANDATE

Having considered the rationale and information relating to the Proposed Renewal of the Share Buy-Back Mandate, the Directors are of the opinion that the Proposed Renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Renewal of the Share Buy-Back Mandate to be proposed at the 2015 AGM.

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 133 Cecil Street, #18-03 Keck Seng Tower, Singapore 069535, during normal business hours from the date of this Appendix up to and including the date of the 2015 AGM:

- (i) the Memorandum and the Articles of Association of the Company; and
- (ii) the annual report of the Company for FY2014.

11. REPORTING REQUIREMENT

Within thirty (30) days of the passing of a Shareholders' resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority ("ACRA"). The Company shall also lodge a notice with ACRA within thirty (30) days of a Share Buy-Back. Such notification is to include details such as:

- (i) the date of the Share Buy-Back;
- (ii) the number of Shares purchased or acquired by the Company;
- (iii) the number of Shares cancelled;
- (iv) the number of Shares held as treasury shares;
- (v) the Company's issued share capital before and after the Share Buy-Back;
- (vi) the amount of consideration paid by our Company for the Share Buy-Back;
- (vii) whether the Shares were purchased out of profits or the capital of the Company; and
- (viii) such other particulars that might be prescribed.

Yours faithfully
For and on behalf of the Board of Directors of
CHINA ENVIRONMENT LTD.

Huang Min
Executive Chairman

