

APPENDIX DATED 14 APRIL 2015

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of 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 shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the Notice of Annual General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the Company represented by physical share certificate(s), you should immediately forward this Appendix 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.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Canaccord Genuity Singapore Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Appendix.

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

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore on 31 August 2004)
(Company Registration Number: 200411055E)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout unless otherwise stated:

- “2014 EGM”* : The extraordinary general meeting of the Company held on 24 April 2014, in relation to the adoption of the Share Purchase Mandate
- “2015 AGM”* : The AGM scheduled to be held on 29 April 2015
- “ACRA”* : The Accounting and Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”* : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
- “AGM”* : The annual general meeting of the Company
- “Annual Report”* : The annual report of the Company dated 14 April 2015 in respect of the financial year ended 31 December 2014
- “Appendix”* : This letter to Shareholders dated 14 April 2015 in relation to the proposed renewal of the Share Purchase Mandate
- “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 may be 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 trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Average Closing Price”* : Has the meaning ascribed to it in section 2.3.4 of this Appendix
- “Board”* : The board of Directors of the Company
- “Catalist”* : The Catalist Board of the SGX-ST

<i>“Catalist Rules”</i>	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Company”</i>	:	Atlantic Navigation Holdings (Singapore) Limited
<i>“Controlling Shareholders”</i>	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph (a) is not a Controlling Shareholder); or (b) in fact exercises control over the Company
<i>“Directors”</i>	:	The directors of the Company as at the date of this Appendix
<i>“EPS”</i>	:	Earnings per Share
<i>“Group”</i>	:	The Company and its Subsidiaries
<i>“Latest Practicable Date”</i>	:	8 April 2015, being the latest practicable date prior to the printing of this Appendix
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Purchase”</i>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<i>“Maximum Price”</i>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<i>“Memorandum”</i>	:	The memorandum of association of the Company, as may be amended or modified from time to time
<i>“NTA”</i>	:	Net tangible assets
<i>“Off-Market Purchase”</i>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<i>“Offer Date”</i>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<i>“Relevant Period”</i>	:	The period commencing from the date on which the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate is passed in a general meeting and expiring on the earliest of (i) the date on which the next AGM is held or is required by law to be held; (ii) the date on which the Share Purchases are carried out to the full extent of the Share Purchase Mandate; or (iii) the date the Share Purchase Mandate is revoked or varied by the Company in a general meeting
<i>“Securities Account”</i>	:	The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited

“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Share Purchase”	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	The general and unconditional mandate given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in the Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
“S\$”	:	Singapore dollars
“US\$” and “US cents”	:	United States dollars and cents, respectively
“%”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**”, “**Depository Register**”, “**subsidiary**” and “**treasury shares**” shall have the meanings ascribed to them respectively in the Companies Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Appendix is made by reference to Singapore time and dates, unless otherwise stated.

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

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200411055E)

Directors:

Mr. Wong Siew Cheong (*Executive Chairman and Chief Executive Officer*)
Mr. Tong Choo Cherng (*Executive Director*)
Mr. Lee Kah Hoo (*Lead Independent Director*)
Mr. Goh Boon Chye (*Independent Director*)
Mr. Eu Lee Koon (*Independent Director*)

Registered Office:

6 Battery Road
#10-01
Singapore 049909

14 April 2015

To: The Shareholders of Atlantic Navigation Holdings (Singapore) Limited

Dear Sir/Madam

RENEWAL OF SHARE PURCHASE MANDATE

1. INTRODUCTION

- 1.1 The Company has, on 14 April 2015, issued the notice of the 2015 AGM ("**Notice**"). The proposed Ordinary Resolution 8 set out in the Notice relates to the proposed renewal of the Share Purchase Mandate. The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Purchase Mandate.
- 1.2 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 The Company had, at the 2014 EGM, sought and obtained the approval of the Shareholders for the adoption of the Share Purchase Mandate. The Share Purchase Mandate took effect from the date of the 2014 EGM and will continue in force until the 2015 AGM or such date as the next AGM is required by law to be held, unless prior thereto, the Share Purchase is carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in a general meeting. Accordingly, approval is sought from the Shareholders for the proposed renewal of the Share Purchase Mandate at the 2015 AGM. If the proposed renewal of the Share Purchase Mandate is approved by the Shareholders, the Share Purchase Mandate will continue in force until the date when the next AGM is held, or required by law to be held, whichever is the earlier, where upon it will lapse, unless it is renewed at such meeting. The authority may be revoked or varied in any general meeting of the Company held prior to the date when the next AGM is held or is required by law to be held.

2.2 Rationale for the Share Purchase Mandate

The rationale for the Share Purchase Mandate, as previously stated in Clause 2.2 of the Company's circular to Shareholders dated 9 April 2014, is as follows:

- (a) the Board constantly seeks to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company. The proposed renewal of the Share Purchase Mandate would allow the Company to have the flexibility to undertake purchases of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Purchases of Shares at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced;
- (b) the Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs and/or ordinary capital requirements in an expedient and cost-effective manner;

- (c) the Share Purchase Mandate will allow the Company to have greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA value per Share; and
- (d) the Board believes that Share Purchases by the Company may help to mitigate short-term market volatility in the Company's share price, off-set the effects of short-term share price speculation and bolster Shareholders' confidence and employees' morale.

In addition, subject to the Act, the Share Purchase Mandate may be used to purchase existing Shares which may then be held as treasury shares. Such treasury shares may consequently be transferred for the purposes of or pursuant to the options or awards granted in relation to the Company's existing and proposed employee share option schemes, performance share plans and/or restricted share plans.

The Board will decide (i) whether to effect the Share Purchases via Market Purchases or Off-Market Purchases; and (ii) whether the Shares purchased should be held as treasury shares or cancelled, after taking into account the amount of surplus cash (if any) available, the prevailing market conditions and the most cost-effective and efficient approach. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will only be made when the Board believes that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company and the Group and when the Board believes that such purchases or acquisitions would benefit the Company, the Group and its Shareholders.

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the Share Purchase, if renewed at the 2015 AGM, are the same as previously approved at the 2014 EGM and are summarised below:

2.3.1 Maximum Number of Shares

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

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares of the Company as at the date of the 2015 AGM on which the proposed renewal of the Share Purchase Mandate is approved (the "**Approval Date**"), unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be. For purposes of calculating the percentage of issued Shares referred to above, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 260,593,750 Shares and assuming no further Shares are issued on or prior to the 2015 AGM, no more than 26,059,375 Shares, representing 10% of the issued and paid-up share capital of the Company as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held; or

- (b) the date on which the Share Purchase is carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting.

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchase(s) (“**Market Purchase**”), transacted on Catalist through the ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) (“**Off-Market Purchase**”) effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

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

In addition, the Catalist Rules provide that if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share Purchases;
- (4) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the Share Purchases, if made, would have any effect on the listing of the Shares on Catalist;

- (6) details of any Share Purchases made by the Company in the previous 12 months (whether through Market Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the Share Purchase (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs after the relevant five-day period;

“**Offer Date**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of the Shares, stating the purchase price (which shall not be more than the Maximum Price determined 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**

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares in accordance with the Act.

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.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will accordingly be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

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

2.5 Treasury Shares

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

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months or such further periods as ACRA may allow.

2.5.2 Voting and Other Rights

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

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision of any treasury shares into treasury shares of a larger amount, or a consolidation of any treasury shares into treasury shares of a smaller amount is also 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 (but subject always to the Take-over Code):

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

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

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

Any Share Purchases may be made only if the Company is solvent, and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the Share Purchases, knowing that the Company is not solvent. For this purpose, pursuant to the Act, a company is solvent if:

- (a) it is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of its shares, as well as during the period of 12 months after the purchase; and
- (b) the value of its assets, at the time of the purchase and after such purchase, is not less than the value of its liabilities (including contingent liabilities) having regard to its most recent financial statements and all other circumstances that its directors or managers know or ought to know affect or may affect such values.

The Company intends to use internal sources of funds, external borrowings or a combination of both to finance the Share Purchase. The Directors will principally consider the availability of internal resources. In considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Company and the Group. The Directors do not propose to exercise the Share Purchase Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Company and the Group would be materially adversely affected.

2.7 Financial Effects

The financial effects, arising from a Share Purchase, on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company or the Group, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

2.7.1 Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced.

2.7.2 Number of Shares Acquired or Purchased

Based on 260,593,750 Shares as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2015 AGM, the exercise in full of the Share Purchase Mandate would result in the purchase or acquisition of 26,059,375 Shares, representing 10% of 260,593,750 issued Shares.

2.7.3 Maximum Price Paid for Shares Acquired or Purchased

Assuming that the Company purchases or acquires 26,059,375 Shares at the Maximum Price, the maximum amount of funds required (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will be as follows:-

- (i) in the case of Market Purchases, approximately US\$7,688,000⁽¹⁾ (equivalent to approximately S\$10,450,000) based on the Maximum Price of US\$0.295⁽¹⁾ (equivalent to S\$0.401, being 105% the Average Closing Price of a Share immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases, approximately US\$8,782,000⁽¹⁾ (equivalent to approximately S\$11,935,000) based on the Maximum Price of US\$0.337⁽¹⁾ (equivalent to S\$0.458, being 120% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date).

Note (1): Based on the exchange rate of US\$1:S\$1.36, as quoted by Bloomberg L.P. on the Latest Practicable Date.

2.7.4 Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out in sections 2.7.1 to 2.7.3 of this Appendix, and assuming the purchase or acquisition of Shares are entirely funded by the Group's existing cash and cash equivalents, as well as long-term borrowings of US\$2,728,000, the financial effects of the:

- (i) purchase or acquisition of 26,059,375 Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury; and
- (ii) purchase or acquisition of 26,059,375 Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury,

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014 are set out below:

(i) **Purchases made entirely out of capital and purchased Shares are cancelled**

	GROUP			COMPANY		
	Before Share Purchase (US\$'000)	After Share Purchase On-Market (US\$'000)	Off-Market (US\$'000)	Before Share Purchase (US\$'000)	After Share Purchase On-Market (US\$'000)	Off-Market (US\$'000)
<u>As at 31 December 2014</u>						
Share capital	12,370	4,682	3,588	85,534	77,846	76,752
Other reserves	476	476	476	217	217	217
Treasury shares	–	–	–	–	–	–
Retained earnings/ (Accumulated losses)	70,635	70,635	70,635	(10,666)	(10,666)	(10,666)
Total Shareholders' funds	83,481	75,793	74,699	75,085	67,397	66,303
NTA ⁽¹⁾	83,481	75,793	74,699	75,085	67,397	66,303
Current assets	21,677	16,717	15,623	29,716 ⁽⁶⁾	22,028	20,934
Current liabilities	23,853	23,853	23,853	12,309	12,309	12,309
Working capital	(2,176) ⁽⁶⁾	(7,136)	(8,230)	17,407	9,719	8,625
Total borrowings	29,637	32,365	32,365	21,188	21,188	21,188
Net profit attributable to owners of the Company from continuing operations	13,389	13,389	13,389	1,474	1,474	1,474
Number of Shares ('000)	260,594	234,534	234,534	260,594	234,534	234,534
Treasury shares ('000)	–	–	–	–	–	–
Number net of Treasury shares ('000)	260,594	234,534	234,534	260,594	234,534	234,534
<u>Financial Ratios</u>						
NTA per Share ⁽²⁾ (US cents)	32.03	32.32	31.85	28.81	28.74	28.27
EPS (US cents)	5.14	5.71	5.71	0.57	0.63	0.63
Gearing ratio ⁽³⁾ (times)	0.36	0.43	0.43	0.28	0.31	0.32
Current ratio ⁽⁴⁾ (times)	0.91	0.70	0.65	2.41	1.79	1.70

(ii) **Purchases made entirely out of capital and purchased Shares are held as treasury shares**

	GROUP			COMPANY		
	Before Share Purchase (US\$'000)	After Share Purchase On-Market (US\$'000)	After Share Purchase Off-Market (US\$'000)	Before Share Purchase (US\$'000)	After Share Purchase On-Market (US\$'000)	After Share Purchase Off-Market (US\$'000)
<u>As at 31 December 2014</u>						
Share capital	12,370	12,370	12,370	85,534	85,534	85,534
Other reserves	476	476	476	217	217	217
Treasury shares	–	(7,688)	(8,782)	–	(7,688)	(8,782)
Retained earnings/ (Accumulated losses)	70,635	70,635	70,635	(10,666)	(10,666)	(10,666)
Total Shareholders' funds	83,481	75,793	74,699	75,085	67,397	66,303
NTA ⁽¹⁾	83,481	75,793	74,699	75,085	67,397	66,303
Current assets	21,677	16,717	15,623	29,716 ⁽⁶⁾	22,028	20,934
Current liabilities	23,853	23,853	23,853	12,309	12,309	12,309
Working capital	(2,176) ⁽⁶⁾	(7,136)	(8,230)	17,407	9,719	8,625
Total borrowings	29,637	32,365	32,365	21,188	21,188	21,188
Net profit attributable to owners of the Company from continuing operations	13,389	13,389	13,389	1,474	1,474	1,474
Number of Shares ('000)	260,594	260,594	260,594	260,594	260,594	260,594
Treasury shares ('000)	–	26,059	26,059	–	26,059	26,059
Number net of Treasury shares ('000)	260,594	234,534	234,534	260,594	234,534	234,534
<u>Financial Ratios</u>						
NTA per Share ⁽²⁾ (US cents)	32.03	32.32	31.85	28.81	28.74	28.27
EPS (US cents)	5.14	5.71	5.71	0.57	0.63	0.63
Gearing ratio ⁽³⁾ (times)	0.36	0.43	0.43	0.28	0.31	0.32
Current ratio ⁽⁴⁾ (times)	0.91	0.70	0.65	2.41	1.79	1.70

Notes:

- (1) NTA refers to net assets less intangible assets and minority interests. The Group does not have intangible assets and minority interests.
- (2) NTA per Share is computed based on the NTA divided by the number of Shares issued (exclude treasury shares).
- (3) Gearing ratio equals to total borrowings divided by total shareholders' funds.
- (4) Current ratio equals to current assets divided by current liabilities.
- (5) The Company's current assets of US\$29.7 million as at 31 December 2014 comprise cash and cash equivalents of US\$0.5 million, bank deposits pledged of US\$1.0 million and an amount due from a subsidiary, Atlantic Maritime Group FZE ("AMG"), of US\$28.2 million. For illustrative purposes, in computing the financial effects of the Share Purchase, the Company assumes that the long-term borrowings of US\$2,728,000 would be taken up by AMG and AMG would repay its amount due to the Company.

- (6) Notwithstanding the negative working capital, the Group has sufficient external funding to meet its working capital requirements.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and EPS as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 December 2014, and is not necessarily representative of future financial performance of the Company and the Group.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. In addition, the Company may cancel, or hold as treasury shares, all or part of the Shares purchased or otherwise acquired. Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from Catalist. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

2.8 Requirements under the Act

Within 30 days of the passing of a Shareholders' ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with ACRA.

The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares on Catalist or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

2.9 Requirements under the Catalist Rules

The Catalist Rules 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 Purchase, 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 Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) must include, *inter alia*, the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

The Catalist Rules does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

In particular, the Company would not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results of the financial year.

The Company does not have any individual shareholding limit or foreign shareholding limit. Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. The term “**public**”, as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries; and (ii) Associates of the persons in (i).

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 54,119,750 issued Shares were held by the public, representing approximately 20.8% of the total number of issued Shares. Assuming the Company exercises the Share Purchase Mandate in full and purchases 10% of the issued ordinary share capital of the Company through Market Purchases from the public, the public float would be reduced to approximately 28,060,375 issued Shares, representing approximately 12.0% of the issued ordinary share capital of the Company.

In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient number of Shares remain in public hands so that the Share Purchases will not:

- (a) adversely affect the listing status of the Shares on Catalist;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of Shares.

2.10 Take-over Implications

2.10.1 Obligation to Make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share purchase by a company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**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 a company to 30% or more or, if they, together holding between 30% and 50% of the company’s voting rights, increase their voting rights by more than 1% in any period of six (6) months.

2.10.2 Persons Acting in Concert

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

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert:

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any 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, including a stockbroker, with its client 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 shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a *bona fide* 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, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which shareholders, including directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of shares by the company are set out in Appendix 2 of the Take-over Code.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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

2.10.4 Application of the Take-over Code

Based on the interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date disclosed in section 3 below, none of the Directors nor Substantial Shareholders will become obligated to make a mandatory offer by reason only of the Share Purchase of 26,059,375 Shares (being the maximum number of Shares that the Company is permitted to purchase or acquire pursuant to the proposed renewal of the Share Purchase Mandate) by the Company pursuant to the proposed renewal of the Share Purchase Mandate.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Purchase pursuant to the proposed renewal of the Share Purchase Mandate.

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

2.11 **Shares Purchased by the Company**

The Company has not made any Share Purchases in the last 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

	Before Share Purchases				After Share Purchases ⁽¹⁾
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest		Total Interest %
			No. of Shares	%	
Directors					
Mr. Wong Siew Cheong ⁽⁷⁾	173,099,000	33,375,000 ⁽⁶⁾	206,474,000	79.2	88.0
Mr. Tong Choo Cherng ⁽²⁾	–	–	–	–	–
Mr. Lee Kah Hoo ⁽³⁾	–	–	–	–	–
Mr. Goh Boon Chye ⁽⁴⁾	–	–	–	–	–
Mr. Eu Lee Koon ⁽⁵⁾	–	–	–	–	–
Substantial Shareholders (other than the Directors)					
Mdm. Chong Mee Chin	33,375,000	–	33,375,000	12.8	14.2

Notes:

- (1) Assuming that the Share Purchase Mandate is exercised in full and that none of the Shares were purchased from the Directors and/or Substantial Shareholders.
- (2) Pursuant to the existing Atlantic 2008 Employee Share Option Scheme, Mr. Tong Choo Cherng has been granted 750,000 options carrying the right to subscribe for 750,000 Shares, representing 0.29% of the Company's existing issued share capital, and 0.32% of the Company's issued share capital after Share Purchases.
- (3) Pursuant to the existing Atlantic 2008 Employee Share Option Scheme, Mr. Lee Kah Hoo has been granted 260,000 options carrying the right to subscribe for 260,000 Shares, representing 0.10% of the Company's existing issued share capital, and 0.11% of the Company's issued share capital after Share Purchases.
- (4) Pursuant to the existing Atlantic 2008 Employee Share Option Scheme, Mr. Goh Boon Chye has been granted 260,000 options carrying the right to subscribe for 260,000 Shares, representing 0.10% of the Company's existing issued share capital, and 0.11% of the Company's issued share capital after Share Purchases.
- (5) Pursuant to the existing Atlantic 2008 Employee Share Option Scheme, Mr. Eu Lee Koon has been granted 260,000 options carrying the right to subscribe for 260,000 Shares, representing 0.10% of the Company's existing issued share capital, and 0.11% of the Company's issued share capital after Share Purchases.
- (6) Mr. Wong Siew Cheong is deemed to be interested in the Shares held by his spouse, Mdm. Chong Mee Chin.
- (7) This has not taken into account the proposed grant of 750,000 options under the new Atlantic 2015 Employee Share Option Scheme (to be proposed at the upcoming extraordinary general meeting to be held on 29 April 2015) to Mr Wong Siew Cheong subject to approval by the Shareholders in the upcoming extraordinary general meeting to be held on 29 April 2015, which represents 0.29% of the Company's existing issued share capital, and 0.32% of the Company's issued share capital after Share Purchases.

Save as disclosed in this Appendix, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

4. TAX IMPLICATIONS

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

5. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the terms and the rationale for the proposed renewal of the Share Purchase Mandate, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate at the 2015 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in 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.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 6 Battery Road, #10-01, Singapore 049909 during normal business hours from the date hereof up to and including the date of the 2015 AGM:

- (a) the Memorandum and Articles; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2014.

Yours faithfully

For and on behalf of the Board of Directors of
ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

Wong Siew Cheong
Executive Chairman and Chief Executive Officer