

APPENDIX DATED 9 APRIL 2019

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

The purpose of this Appendix is to provide information to the Shareholders relating to the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on 24 April 2019 at 10.00 a.m. at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404.

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Appendix, the Annual Report, the Notice of Annual General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 9 APRIL 2019

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

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

“2018 Share Purchase Mandate”	:	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
“2018 EGM”	:	The extraordinary general meeting of the Company held on 26 April 2018, at which the Share Purchase Mandate was approved by the Shareholders
“2019 AGM”	:	The forthcoming AGM of the Company to be held on 24 April 2019
“AGM”	:	Annual general meeting of the Company
“Annual Report”	:	The annual report of the Company for the financial year ended 31 December 2018
“Appendix”	:	This Appendix to the Notice of AGM dated 9 April 2019 convening the 2019 AGM to be held on 24 April 2019
“Associate”	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	Fu Yu Corporation Limited

DEFINITIONS

“Controlling Shareholder”	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company (unless otherwise determined by the SGX-ST) or who in fact exercises control over the Company
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EPS”	:	Earnings per Share
“Founding Executive Directors”	:	Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	27 March 2019, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“NAV”	:	Net asset value
“Notice of AGM”	:	The notice of AGM as set out on pages 134 to 139 of the Annual Report
“Register of Members”	:	The Register of Members of the Company
“Registrar”	:	The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
“Shareholders” or “Members”	:	Registered holders of Shares, except that where the registered holder is the Depository, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in respect of the number of Shares standing to the credit of their names in the Depository Register

DEFINITIONS

“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in one or more voting shares in the Company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares (excluding Treasury Shares) in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Treasury Shares”	:	Shares purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate and held by the Company in accordance with Sections 76H to 76K of the Companies Act
“S\$” and “cents”	:	Singapore dollar and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise provided.

Any discrepancies in the figures included in this Appendix between the amounts shown 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 that precede them.

LETTER TO SHAREHOLDERS

FU YU CORPORATION LIMITED

(Company Registration Number: 198004601C)

(Incorporated in the Republic of Singapore)

Directors

Dr John Chen Seow Phun (*Non-Executive Chairman and Independent Director*)
Ching Heng Yang (*Vice Chairman and Executive Director*)
Tam Wai (*Executive Director*)
Ho Nee Kit (*Executive Director*)
Hew Lien Lee (*Executive Director, Chief Executive Officer and Chief Operating Officer*)
Tan Yew Beng (*Non-Executive Director and Independent Director*)
Foo Say Tun (*Non-Executive Director and Independent Director*)

Registered Office

8 Tuas Drive 1,
Singapore 638675

9 April 2019

To: Shareholders of the Company

Dear Sir/Madam,

1. INTRODUCTION

We refer to Ordinary Resolution 9 relating to the proposed renewal of the Share Purchase Mandate set out in the Notice of AGM.

The purpose of this Appendix is to provide Shareholders with information relating to, and the rationale for, the proposed renewal of the Share Purchase Mandate, which will be tabled at the 2019 AGM for Shareholders' approval. The Notice of AGM is set out on pages 134 to 139 of the Annual Report.

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

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

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

At the 2018 EGM, Shareholders had approved the adoption of a share purchase mandate ("**2018 Share Purchase Mandate**") to permit the Company to purchase or otherwise acquire its issued Shares. The rationale for, and the authority and limitations on, the 2018 Share Purchase Mandate were set out in the circular to Shareholders dated 3 April 2018 convening the 2018 EGM.

The 2018 Share Purchase Mandate will expire on the date of the forthcoming 2019 AGM to be held on 24 April 2019. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the forthcoming 2019 AGM.

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2.2 Rationale

The rationale for the renewal of the Share Purchase Mandate is as follows:

- (a) the purchase or acquisition by the Company of the Shares is one of the ways in which the return on equity of the Company may be improved, thereby increasing Shareholders' value in the Company. The Share Purchase Mandate will enable the Company to have the flexibility to undertake purchases or acquisitions of Shares up to the prescribed limit of 10%, subject to market conditions, during the period when the Share Purchase Mandate is in force;
- (b) the Share Purchase Mandate will also facilitate the Company's return to Shareholders of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner;
- (c) the Directors believe that Share purchases or acquisitions by the Company may help to mitigate short-term market volatility in the Company's Share price, off-set the effects of short-term speculation and bolster the confidence of Shareholders and investors in the Company; and
- (d) the Share Purchase Mandate may be used to purchase or acquire existing Shares to satisfy options granted or awards given in relation to employee share schemes which may be implemented by the Company, and allow the management of the Company to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

If and when circumstances permit, the Directors will decide whether to effect purchases or acquisitions of Share via on-market purchases or off-market purchases on an equal access scheme, 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 purchases or acquisitions pursuant to the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group, the orderly trading of the Shares, and/or result in the Company being delisted from the SGX-ST.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit of 10% described in paragraph 2.3(a) below as authorised or at all during the period when the Share Purchase Mandate is in force.

2.3 Authority and Limits

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if renewed at the 2019 AGM, are substantially the same as those previously approved by Shareholders at the 2018 EGM, and are summarised below:

(a) Maximum Limit

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

The total number of Shares that may be purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total

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number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the 2019 AGM at which the renewal of the Share Purchase Mandate is approved ("**Maximum Limit**").

As at the Latest Practicable Date, the Company has 752,994,775 Shares in issue and has no Treasury Shares or subsidiary holdings. For illustrative purposes only, on the basis of 752,994,775 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or purchased or acquired by the Company and held by the Company as Treasury Shares and that there are no subsidiary holdings, on or prior to the 2019 AGM, not more than 75,299,477 Shares (representing 10% of the total number of Shares in issue as at that date (excluding any Treasury Shares and subsidiary holdings)) may be purchased by the Company pursuant to the Share Purchase Mandate.

(b) Duration of Authority

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the 2019 AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting; or
- (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

The Share Purchase Mandate may be renewed by the Shareholders at the next AGM or at any other general meeting of the Company.

(c) Manner of Purchases or Acquisitions of Shares

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

- (i) on-market purchases, transacted by the Company through the SGX-ST's trading system or on any other securities 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 ("**On-Market Purchases**"); and/or
- (ii) off-market purchases in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme(s).

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

- (i) offers for the purchase or acquisition of Shares are to be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;

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- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it is required to issue an offer document to all Shareholders containing, *inter alia*, the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed purchase or acquisition of Shares;
 - (iv) the consequences, if any, of purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the purchase or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any purchase or acquisitions of Shares made by the Company in the previous 12 months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases or acquisitions; and
 - (vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as Treasury Shares.
- (d) Maximum Purchase Price

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

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined below),

(“**Maximum Price**”) in each case, excluding related expenses of the purchase or acquisition.

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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 the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Day period;

“Closing Market Price” means the last dealt price for a Share transacted through the SGX-ST’s trading system as shown in any publication of the SGX-ST or other sources; and

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

2.4 Status of Purchased or Acquired Shares: Cancelled or Held in Treasury

Any Shares purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company as a Treasury Share.

(a) Treasury Shares

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

(i) *Maximum Holdings*

The aggregate number of Shares held by the Company as Treasury Shares shall not at any time exceed 10% of the total number of Shares in issue at that time. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares within six months from the day the aforesaid limit is first exceeded.

(ii) *Voting and Other Rights*

The Company cannot exercise any right in respect of the Treasury Shares. 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.

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In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding-up) may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of the Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share 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.

(iii) *Disposal or Cancellation*

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

- (1) sell the Treasury Shares (or any of them) for cash;
- (2) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (3) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (4) cancel the Treasury Shares (or any of them); or
- (5) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares. Such announcement must include details such as:

- (aa) the date of the sale, transfer, cancellation and/or use of such Treasury Shares;
- (bb) the purpose of such sale, transfer, cancellation and/or use of such Treasury Shares;
- (cc) the number of Treasury Shares which have been sold, transferred, cancelled and/or used;
- (dd) the number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (ee) 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 on the SGX-ST before and after such sale, transfer, cancellation and/or use; and
- (ff) the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

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(b) Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

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

by the total amount of the purchase price paid by the Company for the Shares cancelled, which shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of the Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as Treasury Shares.

2.5 Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the constitution of the Company and in accordance with applicable laws in Singapore.

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if at the date of the payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

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The Company intends to use the Group's internal sources of funds or external borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. In considering the option of external financing, the Directors will also consider the financial position of the Group, particularly the prevailing gearing level of the Group. The Board does not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements or the gearing levels of the Group and the financial position of the Group taken as a whole.

2.6 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The net tangible assets of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits 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 ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The Directors do not propose to carry out purchases or acquisitions pursuant to the Share Purchase Mandate to such an extent that it would, or in circumstances that might, result in a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the earnings per Share and/or the net tangible assets value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial statements of the Group for FY2018, are based on the assumptions set out below:—

- (a) on the basis of 752,994,775 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued, no Shares are purchased or acquired by the Company and held as Treasury Shares and there are no subsidiary holdings, on or prior to the 2019 AGM, not more than 75,299,477 Shares (representing 10% of the total number of issued Shares (excluding any Treasury Shares and subsidiary holdings) as at the Latest Practicable Date) may be purchased by the Company pursuant to the Share Purchase Mandate;
- (b) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 75,299,477 Shares (representing 10% of the total number of

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issued Shares (excluding any Treasury Shares and subsidiary holdings) as at the Latest Practicable Date) at the maximum price of S\$0.21105 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,299,477 Shares (excluding related expenses) is approximately S\$15.9 million; and

- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 75,299,477 Shares at the maximum price of S\$0.2412 for one Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 75,299,477 Shares (excluding related expenses) is approximately S\$18.2 million.

For illustrative purposes only and based on the audited financial statements of the Company and the Group for FY2018, the assumptions set out in paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is funded solely from internal sources of funds, (ii) the Share Purchase Mandate had been effective on the Latest Practicable Date and (iii) the Company had purchased or acquired 75,299,477 Shares (representing 10% of the total number of issued Shares (excluding any Treasury Shares and subsidiary holdings) as at the Latest Practicable Date) on the Latest Practicable Date, the financial effects of the purchase or acquisition of the 75,299,477 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and:

(aa) held as Treasury Shares; and

(bb) cancelled,

on the audited financial statements of the Group and the Company for FY2018 are set out below:

On-Market Purchases

Scenario	A	B
Purchased out of	Capital	Capital
Type of Purchase	On-Market	On-Market
Held as Treasury Shares/Cancelled	Held as Treasury Shares	Cancelled
Maximum Price per Share (S\$)	0.21105	0.21105
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % of total issued Shares	10%	10%
Maximum funds required (S\$'000)	15,892	15,892

LETTER TO SHAREHOLDERS

As at 31 December 2018	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
	S\$'000	Scenario A	Scenario B	S\$'000	Scenario A	Scenario B
Profit attributable to equity holders for the year	11,885	11,885	11,885	13,163	13,163	13,163
Share capital	102,158	102,158	86,266	102,158	102,158	86,266
Capital and other reserves	8,854	8,854	8,854	(636)	(636)	(636)
Retained profits	74,998	74,998	74,998	13,248	13,248	13,248
Currency translation reserve	(21,889)	(21,889)	(21,889)	–	–	–
Treasury shares	–	(15,892)	–	–	(15,892)	–
Shareholders' funds	164,121	148,229	148,229	114,770	98,878	98,878
Net asset value ⁽¹⁾	164,121	148,229	148,229	114,770	98,878	98,878
Current assets	157,255	141,363	141,363	64,312	48,420	48,420
Current liabilities	46,511	46,511	46,511	9,057	9,057	9,057
Net current assets	110,744	94,852	94,852	55,255	39,363	39,363
Total borrowings	–	–	–	–	–	–
Cash and cash equivalents	80,310	64,418	64,418	44,400	28,508	28,508
Number of Shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	–	75,299	–	–	75,299	–
Financial Ratios						
Earnings per Share (cents)	1.58	1.75	1.75	1.75	1.94	1.94
Net asset value per Share (cents) ⁽²⁾	21.80	21.87	21.87	15.24	14.59	14.59
Gearing ratio (times) ⁽³⁾	–	–	–	–	–	–
Current ratio (times) ⁽⁴⁾	3.38	3.04	3.04	7.10	5.35	5.35

Notes:

- (1) Net asset value equals to total assets less total liabilities and excludes non-controlling interests.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (3) Gearing ratio means total borrowings divided by shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

Off-Market Purchases

Scenario	A	B
Purchase out of	Capital	Capital
Type of Purchase	Off-Market	Off-Market
Held as Treasury Shares/Cancelled	Held as Treasury Shares	Cancelled
Maximum Price per Share (S\$)	0.2412	0.2412
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % of total issued Shares	10%	10%
Maximum funds required (S\$'000)	18,162	18,162

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As at 31 December 2018	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
	S\$'000	Scenario A	Scenario B	S\$'000	Scenario A	Scenario B
Profit attributable to equity holders for the year	11,885	11,885	11,885	13,163	13,163	13,163
Share capital	102,158	102,158	83,996	102,158	102,158	83,996
Capital and other reserves	8,854	8,854	8,854	(636)	(636)	(636)
Retained profits	74,998	74,998	74,998	13,248	13,248	13,248
Currency translation reserve	(21,889)	(21,889)	(21,889)	–	–	–
Treasury shares	–	(18,162)	–	–	(18,162)	–
Shareholders' funds	164,121	145,959	145,959	114,770	96,608	96,608
Net asset value ⁽¹⁾	164,121	145,959	145,959	114,770	96,608	96,608
Current assets	157,255	139,093	139,093	64,312	46,150	46,150
Current liabilities	46,511	46,511	46,511	9,057	9,057	9,057
Net current assets	110,744	92,582	92,582	55,255	37,093	37,093
Total borrowings	–	–	–	–	–	–
Cash and cash equivalents	80,310	62,148	62,148	44,400	26,238	26,238
Number of Shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	–	75,299	–	–	75,299	–
Financial Ratios						
Earnings per Share (cents)	1.58	1.75	1.75	1.75	1.94	1.94
Net asset value per Share (cents) ⁽²⁾	21.80	21.54	21.54	15.24	14.26	14.26
Gearing ratio (times) ⁽³⁾	–	–	–	–	–	–
Current ratio (times) ⁽⁴⁾	3.38	2.99	2.99	7.10	5.10	5.10

Notes:

- (1) Net asset value equals to total assets less total liabilities and excludes non-controlling interests.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (3) Gearing ratio means total borrowings divided by shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and are purely for illustrative purposes only. The actual impact will depend on, *inter alia*, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits or capital of the Company and whether the Shares purchased or acquired are held as Treasury Shares or cancelled. In particular, it is important to note that the above analysis is based on historical audited FY2018 figures and is not necessarily representative of the future financial performance of the Company.

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Although the adoption of the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding any Treasury Shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding any Treasury Shares and subsidiary holdings), or purchase or acquire, or be able to purchase or acquire, up to the maximum number of its issued Shares that it can hold as Treasury Shares as illustrated above. In addition, the Company may, subject to the requirements of the Companies Act, cancel all or part of the Shares purchased or acquired and/or hold all or part of the Shares purchased or acquired as Treasury Shares, at its discretion. The Board would emphasise that it does not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

2.7 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.8 Reporting Requirements

(a) Notification to the Registrar

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

The Company shall notify the Registrar within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the total number of Shares cancelled or held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed by the Registrar from time to time.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

(b) Notification to the SGX-ST

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST no later than 9.00 a.m.: (i) in the case of an On-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, on the second Market Day after the close of acceptances of the offer.

Such an announcement (which must be in the form prescribed in the Listing Manual) must include, *inter alia*, 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, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date

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of announcement (on a cumulative basis), the number of issued shares (excluding Treasury Shares and subsidiary holdings) after the purchase and the number of Treasury Shares and subsidiary holdings held after the purchase.

The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

2.9 No Purchases during Price Sensitive Developments

Whilst the Listing Manual does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time(s), because 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 consideration and/or decision of the Board until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual. In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through On-Market Purchases and/or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s full-year financial statements and the period of two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of the financial year, as the case may be, and ending on the date of announcement of the relevant financial statements.

2.10 Listing Status of the Company’s Securities

The Company will not effect a Share purchase or acquisition if immediately following any Share purchase or acquisition, the continuing shareholding spread requirements prescribed by the Listing Manual which are in force at the time of the intended Share purchase, cannot be maintained.

Under Rule 723 of the Listing Manual, the Company is required to ensure that at least 10% of the total number of issued Shares (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word “public” is defined in the Listing Manual as persons other than the Directors, chief executive officer, Substantial Shareholders, or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there are approximately 458,352,100 Shares, representing approximately 60.87% of the total number of issued Shares (excluding any Treasury Shares and subsidiary holdings), held by the public. Assuming that: (a) the Company purchases or acquires the maximum of 10% of the total number of issued Shares from public Shareholders; and (b) the number of Shares held by the Substantial Shareholders of the Company and the Directors remain unchanged, the percentage of the Company’s public float would be reduced to approximately 56.52% of the total number of Shares in issue (excluding any Treasury Shares and subsidiary holdings). Accordingly, the Board is of the view that there is, at present, a sufficient number of Shares in issue held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of Shares through On-Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without adversely 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 adversely affect the orderly trading of the Shares.

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2.11 Previous Share Purchases

As at the Latest Practicable Date, the Company has not made any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2018 EGM.

2.12 Implications under the Take-over Code

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below:

(a) Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him 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.

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

Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could, in certain circumstances, obtain or consolidate effective control of the Company and become obligated to make a take-over offer for the Company under Rule 14 of the Take-over Code.

(b) 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 with each other:

- (i) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company;
- (ii) 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); and

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- (iii) the following persons and entities:
 - (1) an individual;
 - (2) the close relatives of (1);
 - (3) the related trusts of (1);
 - (4) any person who is accustomed to act in accordance with the instructions of (1);
 - (5) any companies controlled by any of (1), (2), (3) or (4); and
 - (6) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

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 as a result of a purchase or acquisition of Shares by the Company are set out in 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 for the Company under Rule 14 ("**Take-over Obligation**") if, as a result of a purchase or acquisition of Shares by the Company:

- (i) the percentage of voting rights held by such Directors and their concert parties would increase to 30% or more; or
- (ii) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six (6) months.

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

Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire voting Shares after the Company's purchase of its own Shares. For this purpose, an increase in the percentage of voting rights as a result of the Company's purchase of its own Shares will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six months.

If the Company decides to cease buying back its Shares before it has purchased in full such number of Shares authorised by its Shareholders at the date on which the resolution authorising the Share Purchase Mandate is passed, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

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Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

(d) Exemption under Appendix 2 of the Take-over Code for the Founding Executive Directors and parties acting in concert with them

(i) As at the Latest Practicable Date, the three Founding Executive Directors, being Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai, hold in aggregate 282,680,175 Shares representing approximately 37.54% of the total number of issued Shares (excluding any Treasury Shares), and together with the concert parties of the Founding Executive Directors, who comprise Hew Wei Shan (Mr Tam Wai's spouse) who holds 300,000 Shares representing approximately 0.04% of the total number of issued Shares (excluding any Treasury Shares), the Founding Executive Directors and their concert parties ("**Relevant Group**") hold in aggregate 282,980,175 Shares representing approximately 37.58% of the total number of issued Shares (excluding any Treasury Shares) of the Company.

(ii) Based on information in the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date and on the assumption that:

- (aa) no further Shares are issued on or prior to the date of the 2019 AGM;
- (bb) the Company purchases or acquires the maximum amount of 10% of its total number of issued Shares (excluding any Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, comprising 75,299,477 Shares;
- (cc) there is no change in the number of Shares held by each member of the Relevant Group;
- (dd) no Shares are held by the Company as Treasury Shares on or prior to the 2019 AGM; and
- (ee) there are no subsidiary holdings on or prior to the date of the 2019 AGM,

the shareholdings of each member of the Relevant Group before and after such purchase or acquisition of Shares by the Company will be as follows:

Names of the members of the Relevant Group	As at the Latest Practicable Date			
	Before Share Purchase		After Share Purchase	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Ching Heng Yang	88,965,475	11.81	88,965,475	13.13
Ho Nee Kit	96,999,225	12.88	96,999,225	14.31
Tam Wai	96,715,475	12.84	96,715,475	14.27
Hew Wei Shan	300,000	0.04	300,000	0.04
<i>Total:</i>	<i>282,980,175</i>	<i>37.58</i>	<i>282,980,175</i>	<i>41.76</i>

Notes:

- (1) Based on the total number of issued Shares of 752,994,775 as at the Latest Practicable Date.
- (2) Based on the total number of issued Shares as at the Latest Practicable Date, assuming the Company purchases the maximum of 75,299,477 Shares under the Share Purchase Mandate.

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As shown in the table above, the aggregate interest of the members of the Relevant Group which are between 30% and 50% of the Company's voting rights as at the Latest Practicable Date would be increased by more than 1% within a period of 6 months as a result of the purchase or acquisition of Shares undertaken by the Company pursuant to the Share Purchase Mandate, and the aggregate shareholdings of the Relevant Group would be increased from approximately 37.58% to approximately 41.76%. Thus, under the Take-over Code, each of the members of the Relevant Group will become obliged under the Takeover Code to make an offer under Rule 14 of the Take-over Code, unless exempted under Section 3(a) of Appendix 2 of the Take-over Code.

- (iii) Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, members from the Relevant Group and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code due to an increase in the aggregate percentage of total voting rights in the Company held by the members from the Relevant Group and persons acting in concert with them by more than 1% in any six-month period as a result of the Company purchasing or acquiring its Shares under the Share Purchase Mandate, subject to the following conditions:
- (aa) the circular to Shareholders on the resolution to authorise the Share Purchase Mandate (the "**Share Purchase Resolution**") contains advice to the effect that by voting for the Share Purchase Resolution, Shareholders are waiving their rights to a general offer at the required price from members of the Relevant Group and persons acting in concert with them; 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 share buy-back under the Share Purchase Mandate are disclosed in the same circular;
 - (bb) the Share Purchase Resolution is approved by a majority of those Shareholders present and voting at the 2019 AGM on a poll who could not become obliged to make an offer as a result of the share buy-back;
 - (cc) members of the Relevant Group and persons acting in concert with them abstain from voting for and/or recommending Shareholders to vote in favour of the Share Purchase Resolution;
 - (dd) within 7 days after the passing of the Share Purchase Resolution, each member of the Relevant Group to submit to the SIC a duly signed form as prescribed by the SIC;
 - (ee) the members of the Relevant Group and persons acting in concert with them, together holding between 30% and 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:
 - (1) the date on which the authority of the Share Purchase Mandate expires; and
 - (2) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the 2019 AGM or it has decided to cease buying back its Shares, as the case may be,

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

It follows that where the aggregate voting rights held by a director and persons acting in concert with him increase by more than 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 SIC'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.

Shareholders are advised that by voting in favour of the Share Purchase Resolution relating to the renewal of the Share Purchase Mandate, they will be waiving their rights to a take-over offer at the required price by the Founding Executive Directors and persons acting in concert with them.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer for the Company under the Take-over Code as a result of any purchases or acquisition of Shares by the Company should consult their professional advisers and/or the SIC at the earliest opportunity.

(e) Submission of Form 2 to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 of the Take-over Code) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to condition set out at paragraph 2.12(d)(iii)(dd) above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the Share Purchase Mandate. As at the Latest Practicable Date, each member of the Relevant Group has informed the Company that he/she will be submitting Form 2 to the SIC within seven days after the passing of the Share Purchase Resolution.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders are as follows:

Name of Director	Direct interest		Deemed interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dr John Chen Seow Phun	1,000,000	0.13	–	–
Ching Heng Yang	88,965,475	11.81	–	–
Hew Lien Lee	8,100,000	1.08	–	–
Ho Nee Kit	96,999,225	12.88	–	–
Tam Wai	96,715,475	12.84	300,000 ⁽²⁾	0.04
Tan Yew Beng	2,562,500	0.34	–	–
Foo Say Tun	–	–	–	–

Notes:

(1) Based on 752,994,775 issued Shares as at the Latest Practicable Date.

(2) Mr Tam Wai is deemed to be interested in the 300,000 Shares held in the name of his spouse.

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4. DIRECTORS' RECOMMENDATIONS

Save for the Founding Executive Directors who are required to abstain from recommending Shareholders to vote in favour of the proposed renewal of the Share Purchase Mandate (in compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code and as reflected in the condition set out in paragraph 2.12(d)(iii)(cc) above), the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, save for Mr Ching Heng Yang, Mr Ho Nee Kit and Mr Tam Wai, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

5. ABSTENTION FROM VOTING

The Founding Executive Directors have informed the Company that save for Hew Wei Shan, there are no other persons acting in concert (as defined under the Take-over Code) with them for the purpose of the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate.

In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code (as reflected in the condition set out in paragraph 2.12(d)(iii)(cc) above), the Founding Executive Directors will abstain, and will procure that their concert parties (being members of the Relevant Group) shall abstain from voting, whether by representative or proxy, on the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate. In addition, the Founding Executive Directors will not accept, and will procure that members of the Relevant Group do not accept, nominations as proxy or otherwise vote at the 2019 AGM in respect of the ordinary resolution relation to the Share Purchase Mandate, unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish for their votes to be cast for the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate.

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 and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Annual Report are available for inspection at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, during normal business hours from the date of this Appendix up to and including the date of the 2019 AGM.

Yours faithfully

For and on behalf of the Board of Directors of
FU YU CORPORATION LIMITED

Dr John Chen Seow Phun
Non-Executive Chairman, Independent Director