

## APPENDIX DATED 7 OCTOBER 2019

### THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This Appendix is circulated to the Shareholders of Chuan Hup Holdings Limited (the “**Company**”) together with the Company’s Annual Report 2019 (as hereinafter defined). Its purpose is to provide Shareholders with the relevant information relating to and seek Shareholders’ approval for the renewal of Share Buy Back Mandate (as hereinafter defined) to be tabled at the 2019 AGM (as hereinafter defined) to be held at the Theatrette, Level 2, The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434 on 29 October 2019 at 10.30 a.m.

The Notice of Annual General Meeting and the Proxy Form are enclosed with the Annual Report 2019.

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

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



## CHUAN HUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197000572R)

### APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

#### IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	26 October 2019 at 10.30 a.m.
Date and time of Annual General Meeting	:	29 October 2019 at 10.30 a.m.
Place of Annual General Meeting	:	The Theatrette, Level 2, The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434

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## DEFINITIONS

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

<b>“2019 AGM”</b>	:	Annual General Meeting of the Company to be held on 29 October 2019
<b>“Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“AGM”</b>	:	An annual general meeting of the Company
<b>“Annual Report”</b>	:	The Company’s annual report for the financial year ended 30 June 2019
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Chuan Hup Holdings Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended, supplemented or modified from time to time
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EPS”</b>	:	Earnings per Share
<b>“FY2019”</b>	:	The financial year ended 30 June 2019
<b>“Group”</b>	:	The Company and its related corporations
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Appendix, being 24 September 2019
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Market Purchases”</b>	:	Off-Market Purchase(s) and On-Market Purchase(s)
<b>“Maximum Price”</b>	:	In relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period
<b>“NTA”</b>	:	Net tangible assets, being net assets less intangible assets (including non-controlling interest)

<b>“Off-Market Purchase”</b>	:	An off-market share acquisition
<b>“On-Market Purchase”</b>	:	An on-market share acquisition
<b>“Relevant Period”</b>	:	The period commencing from the date on which the AGM is held and the resolutions on the Share Buy Back Mandate are passed and expiring on the date the next AGM is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in general meeting
<b>“Rule 14”</b>	:	Rule 14 of the Take-over Code
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore
<b>“SGXNet”</b>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited
<b>“Share Buy Back Mandate”</b>	:	The proposed general and unconditional mandate to authorise the Directors to exercise all the powers of the Company to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix
<b>“Share Purchase”</b>	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate
<b>“Shareholders”</b>	:	The registered holders of the Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, where the context admits, mean the depositors in the depository register maintained by CDP and whose Securities Accounts are credited with the Shares. Any reference to Shares held by or shareholdings of Shareholders shall include shares standing to the credit of their respective Securities Account
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Subsidiary Holdings”</b>	:	Has the meaning ascribed to it in the Act
<b>“Substantial Shareholder”</b>	:	A person who has an interest in the voting shares (excluding Treasury Shares and Subsidiary Holdings) in the Company, and the total votes attached to that share, or those shares, represent not less than 5% of all the voting shares

<b>“SIC”</b>	:	Securities Industry Council
<b>“S\$”</b>	:	Singapore dollars, being the lawful currency of Singapore
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<b>“Treasury Shares”</b>	:	Has the meaning ascribed to it in Section 4 of Act
<b>“US\$” and “cents”</b>	:	United States of America dollars and cents respectively, being the lawful currency of the United States of America
<b>“%” or “per cent.”</b>	:	Percentage or per centum

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

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

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

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Appendix refer to Chuan Hup Holdings Limited.

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

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

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

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

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

# CHUAN HUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197000572R)

## Directors:

Mr Lo Pang Foo Steven  
(*Non-Executive, Independent Director and Chairman*)

Mr Peh Kwee Chim  
(*Executive Director*)

Mr Peh Siong Woon Terence  
(*Chief Executive Officer and Executive Director*)

Ms Heng Su-Ling Mae  
(*Non-Executive, Independent Director*)

Mr Lim Kwee Siah  
(*Non-Executive Director*)

7 October 2019

To: The Shareholders of Chuan Hup Holdings Limited

Dear Sir/Madam

## Registered Office:

8 Jurong Town Hall Road  
#26-01 The JTC Summit  
Singapore 609434

## THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

### 1. INTRODUCTION

- 1.1 **2019 AGM.** The Directors intend to seek Shareholders' approval for the proposed renewal of the Share Buy Back Mandate at the AGM to be held on 29 October 2019. The proposed renewal of the Share Buy Back Mandate is set out as an ordinary resolution in the Notice of AGM accompanying the Annual Report.
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to the abovementioned proposed renewal of the Share Buy Back Mandate, and to seek Shareholders' approval for the abovementioned proposed renewal of the Share Buy Back Mandate at the 2019 AGM.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. If any Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

#### 2.1 Introduction

At the AGM held on 18 October 2018, the Shareholders had approved the Share Buy Back Mandate to enable the Company to purchase or otherwise acquire the Shares of the Company (the "**Existing Share Buy Back Mandate**").

The Existing Share Buy Back Mandate will expire on the date of the forthcoming 2019 AGM.

The Board is proposing to seek Shareholders' approval at the 2019 AGM for the proposed renewal of the Share Buy Back Mandate. If the Share Buy Back Mandate is approved by Shareholders, it will remain in force during the Relevant Period. The Share Buy Back Mandate may be put to Shareholders for renewal at each subsequent AGM of the Company.

## **2.2 The Share Buy Back Mandate**

- 2.2.1 Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by the Act, the rules of the Listing Manual, the Constitution and such other laws and regulations as may, for the time being, be applicable.
- 2.2.2 It is a requirement of the Act that before a company purchases or acquires its own shares, its Constitution must expressly permit the company to purchase or otherwise acquire the shares issued by it. Regulation 8 of the Constitution provides that the Company may, subject to and in accordance with the Companies Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire its issued Shares on such terms and in such manner as the Company may from time to time think fit.
- 2.2.3 Rule 881 of the Listing Manual provides that a company may purchase its own shares if it has obtained the prior specific approval of shareholders in a general meeting. Accordingly, approval is being sought from the Shareholders at the 2019 AGM for the renewal of the Share Buy Back Mandate. An ordinary resolution will be proposed, pursuant to which the Share Buy Back Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Share Buy Back Mandate.
- 2.2.4 If approved by the Shareholders at the 2019 AGM, the authority conferred by the Share Buy Back Mandate will remain in force until the date on which the next AGM is held or required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate have been carried out to the full extent mandated, or the authority conferred by the Share Buy Back Mandate is revoked or varied by Shareholders in a general meeting.

## **2.3 Rationale for the Share Buy Back Mandate**

The proposed renewal of the Share Buy Back Mandate will give the Board the flexibility to purchase Shares if and when circumstances permit. Share purchases give the Company a relatively convenient, expedient and cost efficient mechanism to enhance shareholder value.

The Share Purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or net asset value per Share, and will only be made when the Board believes that such purchases would benefit the Company and increase economic value for Shareholders.

While the Share Buy Back Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in section 2.4 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.



## 2.4 Authority and Limits of the Share Buy Back Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate, if approved at the 2019 AGM, are summarised below:–

### (a) Maximum Number of Shares

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

In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate during the Relevant Period or within any one (1) financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date on which the resolution authorising the Share Buy Back Mandate is passed, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. (i) Shares held by the Company as Treasury Shares and (ii) Subsidiary Holdings shall be disregarded for purposes of computing the 10% limit.

**For illustrative purposes only**, based on the Company's existing issued and paid-up share capital as at the Latest Practicable Date (on the basis that there are no Treasury Shares and Subsidiary Holdings), comprising 928,272,850 Shares and assuming that:–

- (i) no further Shares are issued; and
- (ii) no Shares are held by the Company as Treasury Shares or Subsidiary Holdings,

on or prior to the 2019 AGM, not more than 92,827,285 Shares (representing not more than 10% of the issued ordinary shares of the Company as at the Latest Practicable Date) (excluding Treasury Shares and Subsidiary Holdings) may be bought or acquired by the Company pursuant to the proposed renewal of the Share Buy Back Mandate.

### (b) Duration of Authority

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

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

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

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

The Shares may be purchased or acquired by way of:–

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

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

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

As prescribed by the Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–

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

In addition, the Listing Manual provides that, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:–

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchase;

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

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

The Directors may determine the purchase price to be paid per Share for any Share Purchase, provided that the price paid per Share shall be subject to a maximum price, which shall be a price which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period.

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

**2.5 Status of Purchased Shares**

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

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

Disposal options (exercisable at any time) available to the Company holding Treasury Shares are as follows:–

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the Treasury Shares (or any of them) as consideration for acquisitions of shares or other assets;

- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister of Finance may by order prescribe.

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

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

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

Pursuant to the Act, Shares bought back by the Company, unless kept as Treasury Shares, will be cancelled. The Company shall:—

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

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

Any Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted by the Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

## **2.6 Source of Funds**

- 2.6.1 In undertaking Share Purchases, the Company shall only apply funds legally available in accordance with its Constitution and the applicable laws in Singapore.
- 2.6.2 The Company may not buy back its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST respectively.
- 2.6.3 The Act provides that purchases and acquisitions of Shares may be made out of the Company's capital or profits so long as the Company is solvent. The Act further stipulates that a payment for such purchase of shares shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of Shares. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, the Company is "solvent" if:–
- (a) it is able to pay its debts in full at the time that payment is made for Shares under the Share Buy Back Mandate, and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of such payment; and
  - (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition become less than the value of its liabilities (including contingent liabilities).

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

The Company intends to use its internal funds to undertake its Share Purchases.

## **2.7 Financial effects of the Share Buy Back Mandate**

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

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

- (a) the Company's capital and/or profits, it will reduce the amount available for the Company's operations permitted under the Act; or
- (b) the Company's profits, it will reduce the amount available for distribution of dividends by the Company,

the NTA of the Company and the consolidated NTA of the Group will be reduced by the dollar value of the Shares bought. The Directors believe that even if the Company exercises the Share Buy Back Mandate in full and acquires up to 92,827,285 Shares, it will not have any material impact on the earnings of the Company and the consolidated earnings of the Group for the current financial year.

For illustrative purposes only, assuming the Company had exercised the Share Buy Back Mandate in full and purchased 92,827,285 Shares at the Maximum Price of S\$0.27 for each Share (based on the average of the last dealt prices of the Shares for the 5 Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the financial effects of the purchase or acquisition of the Shares by the Company pursuant to the Share Buy Back Mandate by way of purchases made:-

- (i) entirely out of capital or profits and held as Treasury Shares;
- (ii) entirely out of capital and cancelled; and
- (iii) entirely out of profits and cancelled,

based on the audited financial statements of the Group and the Company for FY2019 are set out on pages 13 to 16 of this Appendix.

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**(a) Purchases Made Entirely out of Capital or Profits and Held as Treasury Shares<sup>(1)</sup>**

	Company		Group	
	As at 30 June 2019 US\$'000	After share buy back US\$'000	As at 30 June 2019 US\$'000	After share buy back US\$'000
Share capital	150,863	150,863	150,863	150,863
Treasury Shares and Subsidiary Holdings	–	(18,188)	–	(18,188)
Reserves	(1,996)	(1,996)	4,075	4,075
Accumulated profits	71,940	71,940	114,301	114,301
Equity attributable to equity holders of the Company	220,807	202,619	269,239	251,051
Non-controlling interests	–	–	–	–
Total equity	220,807	202,619	269,239	251,051
Net tangible assets <sup>(2)</sup>	220,807	202,619	269,239	251,051
Current assets	208,580	190,392	172,670	154,482
Current liabilities	54,138	54,138	18,739	18,739
Total borrowings	49	49	49	49
Cash and cash equivalents	27,791	9,603	124,641	106,453
Working capital	154,442	136,254	153,931	135,743
Total liabilities	54,138	54,138	19,305	19,305
Profit attributable to equity holders of the Company	86,961	86,961	43,931	43,931
Treasury Shares ('000)	–	92,827	–	92,827
Subsidiary Holdings ('000)	–	–	–	–
Total number of shares (net of Treasury Shares and Subsidiary Holdings) ('000)	928,273	835,446	928,273	835,446
Net tangible asset value per share <sup>(5)</sup> (US cents)	23.79	24.25	29.00	30.05
Gearing ratio (times) <sup>(3)</sup>	–	–	–	–
Working capital ratio (times) <sup>(4)</sup>	3.85	3.52	9.21	8.24
Earnings per share (US cents)	9.37	10.41	4.73	5.26

**Notes:–**

- (1) The disclosed financial effects of the Share Buy Back remain the same irrespective of whether the purchase of Shares is effected out of capital or profits.
- (2) Net tangible assets excludes non-controlling interests.
- (3) Gearing ratio is calculated based on total borrowings divided by equity attributable to equity holders of the Company.
- (4) Working capital ratio is calculated based on current assets divided by current liabilities.
- (5) Net tangible asset value per share equals net tangible assets divided by the number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) outstanding as at 30 June 2019.

**(b) Purchases Made Entirely out of Capital and Cancelled**

	Company		Group	
	As at 30 June 2019 US\$'000	After share buy back US\$'000	As at 30 June 2019 US\$'000	After share buy back US\$'000
Share capital	150,863	132,675	150,863	132,675
Treasury Shares and Subsidiary Holdings	–	–	–	–
Reserves	(1,996)	(1,996)	4,075	4,075
Accumulated profits	71,940	71,940	114,301	114,301
Equity attributable to equity holders of the Company	220,807	202,619	269,239	251,051
Non-controlling interests	–	–	–	–
Total equity	220,807	202,619	269,239	251,051
Net tangible assets <sup>(1)</sup>	220,807	202,619	269,239	251,051
Current assets	208,580	190,392	172,670	154,482
Current liabilities	54,138	54,138	18,739	18,739
Total borrowings	49	49	49	49
Cash and cash equivalents	27,791	9,603	124,641	106,453
Working capital	154,442	136,254	153,931	135,743
Total liabilities	54,138	54,138	19,305	19,305
Profit attributable to equity holders of the Company	86,961	86,961	43,931	43,931
Treasury Shares ('000)	–	–	–	–
Subsidiary Holdings ('000)	–	–	–	–
Total number of shares (net of Treasury Shares and Subsidiary Holdings) ('000)	928,273	835,446	928,273	835,446
Net tangible asset value per share <sup>(4)</sup> (US cents)	23.79	24.25	29.00	30.05
Gearing ratio (times) <sup>(2)</sup>	–	–	–	–
Working capital ratio (times) <sup>(3)</sup>	3.85	3.52	9.21	8.24
Earnings per share (US cents)	9.37	10.41	4.73	5.26

**Notes:–**

- (1) Net tangible assets excludes non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings divided by equity attributable to equity holders of the Company.
- (3) Working capital ratio is calculated based on current assets divided by current liabilities.
- (4) Net tangible asset value per share equals net tangible assets divided by the number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) outstanding as at 30 June 2019.



**(c) Purchases Made Entirely out of Profits and Cancelled**

	Company		Group	
	As at 30 June 2019 US\$'000	After share buy back US\$'000	As at 30 June 2019 US\$'000	After share buy back US\$'000
Share capital	150,863	150,863	150,863	150,863
Treasury Shares and Subsidiary Holdings	–	–	–	–
Reserves	(1,996)	(1,996)	4,075	4,075
Accumulated profits	71,940	53,752	114,301	96,113
Equity attributable to equity holders of the Company	220,807	202,619	269,239	251,051
Non-controlling interests	–	–	–	–
Total equity	220,807	202,619	269,239	251,051
Net tangible assets <sup>(1)</sup>	220,807	202,619	269,239	251,051
Current assets	208,580	190,392	172,670	154,482
Current liabilities	54,138	54,138	18,739	18,739
Total borrowings	49	49	49	49
Cash and cash equivalents	27,791	9,603	124,641	106,453
Working capital	154,442	136,254	153,931	135,743
Total liabilities	54,138	54,138	19,305	19,305
Profit attributable to equity holders of the Company	86,961	86,961	43,931	43,931
Treasury Shares ('000)	–	–	–	–
Subsidiary Holdings ('000)	–	–	–	–
Total number of shares (net of Treasury Shares and Subsidiary Holdings) ('000)	928,273	835,446	928,273	835,446
Net tangible asset value per share <sup>(4)</sup> (US cents)	23.79	24.25	29.00	30.05
Gearing ratio (times) <sup>(2)</sup>	–	–	–	–
Working capital ratio (times) <sup>(3)</sup>	3.85	3.52	9.21	8.24
Earnings per share (US cents)	9.37	10.41	4.73	5.26

**Notes:–**

- (1) Net tangible assets excludes non-controlling interests.
- (2) Gearing ratio is calculated based on total borrowings divided by equity attributable to equity holders of the Company.
- (3) Working capital ratio is calculated based on current assets divided by current liabilities.
- (4) Net tangible asset value per share equals net tangible assets divided by the number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) outstanding as at 30 June 2019.

The financial impact is the same whether the Shares are purchased via On-Market Purchases or Off-Market Purchases. The Group had a balance of US\$124.64 million in cash and cash equivalents as at 30 June 2019. Assuming the buy back of up to 92,827,285 Shares at the maximum price of S\$0.27 per Share, the Group's cash reserves would be reduced by S\$25.06 million (US\$18.19 million) and, all other things remaining the same, the working capital and net tangible assets of the Group and the Company would be reduced by the dollar value of the Shares purchased. The consolidated net tangible assets value per Share after the buy back of 92,827,285 Shares would be increased to 30.05 US cents.

As illustrated in the tables above, the purchase of the Shares would reduce the current assets and total equity of the Group accordingly. The Group EPS as a result of the buy back of 92,827,285 Shares would be increased from 4.73 US cents to 5.26 US cents.

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

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

**Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 30 June 2019, and are not representative of the Group's future financial performance.**

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

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

## **2.8 Taxation**

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

## **2.9 Reporting Requirements**

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

- (a) to lodge a copy of the Shareholders' resolution approving the Share Buy Back Mandate with ACRA within 30 days of the passing of such resolution;

- (b) to notify ACRA of an acquisition or purchase of Shares on the SGX-ST or otherwise within 30 days. Such notification shall be in the prescribed form and shall include:–
- (i) the date of the acquisition or purchase;
  - (ii) the total number of Shares acquired or purchased;
  - (iii) the number of Shares cancelled;
  - (iv) the number of Shares held as Treasury Shares;
  - (v) the Company's issued share capital before the acquisition or purchase and after such acquisition or purchase;
  - (vi) the amount of consideration paid by the Company for the acquisition or purchase;
  - (vii) whether the Shares were purchased or acquired out of the profits or the capital of the Company; and
  - (viii) such other information as required by the Act.
- (c) Pursuant to the Listing Manual, to report purchases of Shares to the SGX-ST in the forms prescribed which shall include details including, *inter alia*, the date of purchase, the price paid and the number of issued shares remaining in the share capital of the company after the Share Purchases, and to make an announcement to the public:–
- (i) in the case of On-Market Purchases, not later than 9.00 a.m. on the trading day following any day on which the Company makes an On-Market Purchase; and
  - (ii) in the case of Off-Market Purchases, not later than 9.00 a.m. on the second trading day following the close of acceptance of offers made by the Company.

Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual and must include details of the 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 Subsidiary Holdings after the purchase, the number of Treasury Shares held after the purchase and the number of Subsidiary Holdings after the purchase, and any other details that the SGX-ST may prescribe.

## **2.10 Suspension of buy back of Shares**

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

## 2.11 Listing Status on SGX-ST

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

As at the Latest Practicable Date, there are 430,349,360 Shares held in the hands of the public (as defined above), representing 46.36% of the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings). Assuming the Company exercises the Share Buy Back Mandate in full and purchases the maximum of 10% of its issued share capital from such public Shareholders, the number of Shares in the hands of the public would be reduced to 337,522,075 Shares, representing 40.40% of the issued share capital of the Company.

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

## 2.12 Take-over Obligations under the Take-over Code

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

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

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following individuals and companies will be presumed to be acting in concert with each other:–

- (a) the following companies:–
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) 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; and

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

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:–

- (i) a Director and persons acting in concert (as such term is defined in the Take-over Code) with him could, depending on the level of increase in his or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 of the Take-over Code as a result of the Company's buy back of Shares.
- (ii) unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by 1% in any period of six (6) months; and
- (iii) a shareholder who is not acting in concert with directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if:–
- (A) 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
- (B) if the voting rights of such directors and their concert parties fall between 30% and 50% of the company's voting rights, the voting rights of such shareholder would increase by more than 1% in any period of six (6) months.

Such shareholder need not abstain from voting in respect of the resolution authorising a share buyback mandate.

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

### **2.13 Application of the Take-over Code**

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders in the Company as at the Latest Practicable Date, none of the Directors nor the Substantial Shareholders will become obligated to make a mandatory offer by reason only of the buyback of 92,827,285 Shares by the Company pursuant to the Share Buy Back Mandate.

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

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 3 of this Appendix.

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

## 2.14 Details of Share Purchases

The Company did not purchase any shares during the 12-month period preceding the Latest Practicable Date.

## 2.15 Limits on Shareholdings

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

## 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders, as extracted from the Register of Directors' shareholdings and the Register of Substantial Shareholders, are as follows:-

Name	Before Share Buy Back (Number of Shares)			Before Share Buy Back (%) <sup>(1)</sup>	After Share Buy Back (%) <sup>(2)</sup>
	Direct Interest	Deemed Interest	Total Interest		
<b>Directors</b>					
Lo Pang Foo Steven	–	–	–	–	–
Peh Kwee Chim <sup>(3)</sup>	19,379,000	478,264,490	497,643,490	53.61	59.57
Peh Siong Woon Terence <sup>(4)</sup>	–	478,264,490	478,264,490	51.52	57.25
Lim Kwee Siah	230,000	–	230,000	0.025	0.028
Heng Su-Ling Mae	–	50,000	50,000	0.005	0.006
<b>Substantial Shareholders</b>					
Kai Xin Guo Pte Ltd <sup>(5)</sup> (formerly known as 3P Pte Ltd)	478,264,490	–	478,264,490	51.52	57.25
Qing Shan Pte Ltd <sup>(5)</sup>	–	478,264,490	478,264,490	51.52	57.25
TMF Trustees Singapore Limited <sup>(5)</sup>	–	478,264,490	478,264,490	51.52	57.25
Beamsbury Limited <sup>(6)</sup>	–	478,264,490	478,264,490	51.52	57.25

**Notes:-**

- (1) As a percentage of the issued share capital of the Company comprising 928,272,850 Shares as at the Latest Practicable Date (excluding Treasury Shares and Subsidiary Holdings).
- (2) As a percentage of the issued share capital of the Company comprising 835,445,565 Shares (assuming that the Company purchases the maximum number of 92,827,285 Shares under the Share Buy Back Mandate) (excluding Treasury Shares and Subsidiary Holdings).
- (3) Mr Peh Kwee Chim is a director of Kai Xin Guo Pte Ltd and is also the settlor of the Trust (as defined below in Note (5)), and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the Act, to have an interest in the 478,264,490 Shares of the Company held by Kai Xin Guo Pte Ltd.
- (4) Mr Peh Siong Woon Terence is a director of Kai Xin Guo Pte Ltd and is also a beneficiary of the Trust (as defined below in Note (5)) and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the Act, to have an interest in the 478,264,490 Shares of the Company held by Kai Xin Guo Pte Ltd.
- (5) Kai Xin Guo Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd which is in turn entirely held by TMF Trustees Singapore Limited as trustee of a trust constituted by Mr Peh Kwee Chim ("Trust").
- (6) Beamsbury Limited, the nominee corporate director of TMF Trustees Singapore Limited and sole director of Qing Shan Pte Ltd, manages, controls the operations of and determines the policy with respect to Qing Shan Pte Ltd.

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

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

Having fully considered the rationale, the benefit and the information relating to the Share Buy Back Mandate, the Directors are of the opinion that the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed renewal of the Share Buy Back Mandate to be proposed at the 2019 AGM.

#### **5. 2019 AGM**

The AGM, notice of which is set out on pages 136 to 141 of the Annual Report, will be held at the Theatre, Level 2, The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434 on 29 October 2019 at 10.30 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the notice of AGM.

#### **6. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the 2019 AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to the Annual Report a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #02-00 Singapore 068898, not less than 72 hours before the time fixed for holding the AGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the 2019 AGM.



## **7. 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 Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in 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.

## **8. INSPECTION OF DOCUMENTS**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours from the date of this Appendix up to and including the date of the 2019 AGM:–

- (a) the Existing Constitution of the Company; and
- (b) the Annual Report of the Company for FY2019.

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**CHUAN HUP HOLDINGS LIMITED**

Mr Lo Pang Foo Steven  
Chairman