

APPENDIX DATED 6 NOVEMBER 2020

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your shares in the capital of OKH Global Ltd. (the “**Company**”), you should immediately forward this Appendix to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix is circulated to the shareholders of the Company (the “**Shareholders**”) together with the annual report of the Company for the financial year ended 30 June 2020 (the “**Annual Report**”). Its purpose is to provide the Shareholders with information relating to and explaining the rationale for 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 30 November 2020 at 2.30 p.m. by way of electronic means (the “**2020 AGM**”). Shareholders will be able to participate at the meeting by observing and/or listening to the proceedings via “live” webcast and will be able to submit questions related to the resolutions in advance. Substantial and relevant questions received from members will be addressed and published via the Company’s website and SGXNet after trading hours on 29 November 2020. The notice of the 2020 AGM and proxy form are enclosed with the Annual Report.

This Appendix has been appended to the Annual Report, which has been made available on SGXNet and the company’s website.

This Appendix has been prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Appendix. Conyers Dill & Pearman Pte. Ltd. has been appointed as the legal adviser to the Company as to Bermuda law.

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



OKH GLOBAL LTD.

(formerly known as Sinobest Technology Holdings Ltd.)

(Incorporated in Bermuda on 17 June 2004)

(Company Registration Number: 35479)

APPENDIX TO THE ANNUAL REPORT

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

TABLE OF CONTENTS

DEFINITIONS	3
LETTER TO SHAREHOLDERS	6
1. INTRODUCTION	6
2. THE RENEWAL OF THE SHARE PURCHASE MANDATE	6
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	25
4. SHARES BOUGHT BY THE COMPANY IN THE PAST 12 MONTHS	25
5. TAX IMPLICATIONS	25
6. ABSTENTION FROM VOTING	25
7. DIRECTORS' RECOMMENDATION	26
8. DIRECTORS' RESPONSIBILITY STATEMENT	26
9. ANNUAL GENERAL MEETING	26
10. ACTION TO BE TAKEN BY SHAREHOLDERS	26
11. DOCUMENTS FOR INSPECTION	27

DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout where the context admits:

<i>“2020 AGM”</i>	: The AGM to be held on 30 November 2020 at 2.30 p.m. by electronic means
<i>“AGM”</i>	: An annual general meeting of the Company
<i>“Appendix”</i>	: This appendix dated 6 November 2020
<i>“Bermuda Act”</i>	: The Companies Act 1981 of Bermuda, as may be amended, modified or supplemented from time to time
<i>“Board”</i>	: The board of Directors of the Company
<i>“Bye-laws”</i>	: The bye-laws of the Company, as may be amended, modified or supplemented from time to time
<i>“CDP”</i>	: The Central Depository (Pte) Limited
<i>“Companies Act”</i>	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<i>“Company” or “OKH Global”</i>	: OKH Global Ltd. (formerly known as Sinobest Technology Holdings Ltd.)
<i>“Control”</i>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<i>“Controlling Shareholder”</i>	: A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
<i>“Directors”</i>	: The directors of the Company as at the date of this Appendix, and each a “Director”
<i>“EPS”</i>	: Earnings per Share
<i>“FY”</i>	: The financial year for the Company ended or ending on 30 June
<i>“Group”</i>	: The Company and its subsidiaries
<i>“Latest Practicable Date”</i>	: 23 October 2020, being the latest practicable date prior to the finalisation of this Appendix
<i>“Listing Manual”</i>	: The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
<i>“LPS”</i>	: Loss per Share

DEFINITIONS

<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“Memorandum of Association”</i>	: The memorandum of association of the Company, as may be amended, modified or supplemented from time to time
<i>“NAV”</i>	: Net asset value
<i>“Notice of AGM”</i>	: The notice of the 2020 AGM
<i>“NTA”</i>	: Net tangible assets
<i>“Register of Members”</i>	: The principal register of members and where applicable, any branch register of members, of the Company kept pursuant to the Bermuda Act
<i>“Relevant Period”</i>	: The period commencing from the date on which the last AGM was held and expiring on the conclusion of the next AGM or on the date by which such AGM is required to be held, whichever is the earlier, after the date the resolution relating to the renewal of the Share Purchase Mandate is passed
<i>“ROE”</i>	: Return on equity
<i>“Securities Account”</i>	: The securities account maintained by a Depositor with CDP
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“Share Purchase”</i>	: A purchase of Shares by the Company pursuant to the terms of the Share Purchase Mandate
<i>“Share Purchase Mandate”</i>	: The general mandate granted by Shareholders to enable the Company to purchase or otherwise acquire its issued Shares, upon and subject to the terms of such mandate
<i>“Shareholders”</i>	: The registered holders of the Shares in the Register of Members
<i>“Shares”</i>	: Ordinary shares of par value of US\$0.01 each in the share capital of the Company
<i>“SIC”</i>	: Securities Industry Council
<i>“Substantial Shareholder”</i>	: A person who has an interest or interests in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares of the Company
<i>“Take-over Code”</i>	: The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may be amended, modified or supplemented from time to time

DEFINITIONS

<i>“treasury share”</i>	: A share of a company that was or is treated as having been acquired and held by the company and has been held continuously by the company since it was so acquired and has not been cancelled
<i>“S\$” and “cents”</i>	: Singapore dollars and cents, respectively
<i>“US\$”</i>	: United States dollars
<i>“%”</i>	: percentage or per centum

The term “**Depositor**” shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

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.

Under the Bermuda Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the register of members of such a company are considered members. Accordingly, Depositors holding Shares through CDP would not be recognised as members under Bermuda law as their rights in respect of the Shares under Bermuda law are derived through CDP.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing one gender shall, where applicable, include the other genders.

References to persons shall, where applicable, include corporations and limited liability partnerships.

References to “**paragraph**” are to the paragraphs of this Appendix, unless otherwise stated.

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

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

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

Any discrepancies in the figures included in this Appendix between the amounts listed 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

OKH GLOBAL LTD.

(formerly known as Sinobest Technology Holdings Ltd.)
(Incorporated in Bermuda on 17 June 2004)
(Company Registration Number: 35479)

Board of Directors:

Celine Tang @Chen Huaidan (“**Celine Tang**”) (Non-Executive Chairman)
Lock Wai Han (Executive Director and Chief Executive Officer)
Ong Soon Teik (Lead Independent Director)
Lim Eng Hoe (Independent Director)
Ng Kheng Choo (Independent Director)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

6 November 2020

To: The Shareholders of OKH Global Ltd.

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

- 1.1 The Directors refer to the Notice of AGM dated 6 November 2020 accompanying the Annual Report of the Company for FY2020, convening the AGM to be held on 30 November 2020 and resolution 8 under the heading of “Special Business” set out in the Notice of AGM.
- 1.2 The purpose of this Appendix is to explain the rationale for, and provide Shareholders with the relevant information relating to, the proposed renewal of the Share Purchase Mandate, and to seek Shareholders’ approval for the ordinary resolution in respect thereof to be tabled at the 2020 AGM.
- 1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

The Bermuda Act allows the Company to purchase its own Shares if the purchase is permitted under the Memorandum of Association or the Bye-laws, provided that no such purchase may be effected if on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Bermuda Act, the Memorandum of Association, the Bye-laws, the Companies Act, the Listing Manual, the Take-over Code and such other laws and regulations as may, for the time being, be applicable.

The Listing Manual specifies that a company may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting. Accordingly, Shareholders’ approval is sought at the forthcoming AGM for the renewal of the general and unconditional Share Purchase Mandate to authorise the purchase by the Company of its issued Shares.

At the special general meeting held on 29 October 2014, the Company obtained the approval of Shareholders for the adoption of the Share Purchase Mandate. The rationale for, the authority of and limitations on, and the

LETTER TO SHAREHOLDERS

financial effects of the Share Purchase Mandate approved were set out in the circular to Shareholders dated 3 October 2014.

At the annual general meeting of the Company held on 26 October 2018, Shareholders had approved the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the issued Shares on the terms of that mandate.

At the annual general meeting of the Company held on 31 October 2019, Shareholders had approved the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the issued Shares on the terms of that mandate. As the Share Purchase Mandate will expire on the conclusion of the forthcoming AGM to be held on 30 November 2020, the Directors propose that the Share Purchase Mandate be renewed at the 2020 AGM.

If approved by the Shareholders at the 2020 AGM, the authority conferred by the renewed Share Purchase Mandate will take effect from the date of the 2020 AGM and continue in force until the earlier of the conclusion of the next AGM or the date by which the next AGM is required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the renewed Share Purchase Mandate have been carried out to the full extent mandated, or the authority conferred by the renewed Share Purchase Mandate is revoked or varied by Shareholders in general meeting.

2.2 Rationale for the Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of Shares is as follows:

- (a) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) in managing its business, the Group strives to increase Shareholders' value by improving, amongst others, the ROE, and a Share Purchase is one way by which the ROE may be enhanced;
- (c) Share Purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (d) the Share Purchase Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and
- (e) the Share Purchase Mandate will provide the Company the flexibility to undertake Share Purchases at any time during the period when the Share Purchase Mandate is in force, subject to market conditions.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. While the renewal of the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 2.3 below, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. Shareholders should note that the Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company, and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

LETTER TO SHAREHOLDERS

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the renewed Share Purchase Mandate, if approved at the 2020 AGM, are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the resolution passed by Shareholders for the renewal of the Share Purchase Mandate, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Bermuda Act, in which event the issued share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered.

For illustrative purposes only, based on 1,128,657,445 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the 2020 AGM, not more than 112,865,000 Shares (excluding treasury shares and subsidiary holdings, and rounded down to the nearest 1,000 Shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in paragraph 2.3.2 below.

2.3.2 Duration of Authority

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

- (a) the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier;
- (b) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases (each a “**Market Purchase**”), transacted on the SGX-ST through the ready market or the special trading counter on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (each an “**Off-Market Purchase**”) effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

LETTER TO SHAREHOLDERS

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 Bermuda Act, the Memorandum of Association and the Bye-laws, and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

An equal access scheme must, however, satisfy all the following conditions:

- (i) the offers under the scheme 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;
- (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 are the same except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will be required to issue an offer document containing the following information to all Shareholders:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share Purchase;
- (4) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the Share Purchase, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (6) details of any Share Purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

LETTER TO SHAREHOLDERS

2.3.4 Purchase Price

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

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

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

For the purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last consecutive 5 Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately before the date of the Market Purchase 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, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the 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

“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase 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 Shares**

2.4.1 Bermuda Act

Under the Bermuda Act, any share purchased by a company will be deemed cancelled immediately on purchase (and all rights and privileges attached to that share will expire on cancellation) unless such share was acquired or purchased by the company to be held, and is held, as a treasury share as permitted under its memorandum of association or bye-laws. Pursuant to the Memorandum of Association and the Bye-laws, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

2.4.2 Cancellation

The purchased Shares will be cancelled unless held by the Company as treasury shares. Where Shares purchased or acquired by the Company are cancelled, the total number of issued Shares will be diminished by such number of Shares purchased or acquired, and the issued share capital of the Company will be diminished by the nominal value of the Shares purchased or acquired. This shall not be taken as reducing the Company’s authorised share capital.

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

LETTER TO SHAREHOLDERS

2.5 Treasury Shares

Under the Bermuda Act, when acquiring its own Shares to be held as treasury shares, the Company may:

- (a) hold all or any of the Shares;
- (b) dispose of or transfer all or any of the Shares for cash or other consideration; or
- (c) cancel all or any of the Shares.

Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Bermuda Act. In the event the purchased Shares are held as treasury shares, the Bermuda Act provides, amongst others, that:

- (aa) the Company shall be entered in the Register of Members as the member holding the treasury shares but the Company shall not exercise any rights in respect of those treasury shares, including any right to attend and vote at meetings, and any purported exercise of such a right is void; and
- (bb) no dividend or other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) shall be paid or made to the Company in respect of treasury shares.

However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Further, a subdivision or consolidation of any treasury shares into shares of a different amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

Under the Listing Manual and the Companies Act, the Company may transfer any treasury shares for the purpose of or pursuant to an employee share option or award scheme. The number of shares held as treasury shares cannot at any time exceed 10% of the total issued ordinary shares of the Company (excluding subsidiary holdings).

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

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

2.6 Source of Funds

Under the Bermuda Act, any purchase or acquisition of Shares pursuant to the Share Purchase Mandate may only be funded out of the capital paid up on the Shares to be purchased, or out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase or acquisition, and any premium payable on such purchase (i.e. the amount paid in excess of the nominal value of the Shares to be purchased) must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the Company's share premium account before the Shares are purchased. Any amount due to a Shareholder by the Company on purchase of Shares may be (i) paid in cash, (ii) satisfied by the transfer of any part of the undertaking or property of the Company having the same value, or (iii) satisfied partly under (i) and partly under (ii).

No Share Purchase may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

The Company will use internal resources and/or external borrowings to finance the Share Purchase pursuant to the Share Purchase Mandate. The Directors will principally consider the availability of internal resources. The Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider in particular the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, the availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

2.7 Financial Effects

The Company may purchase or acquire Shares out of capital or from its distributable profits.

Where the Share Purchase is made out of distributable profits, such purchase (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the Share Purchase is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the Share Purchase is financed through internal resources, it will reduce the cash reserves of the Company, and thus the current assets and shareholders' funds of the Company. This will result in an increase in the gearing ratios of the Company and a decline in the current ratios of the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The Company will use internal resources and/or external borrowings to finance Share Purchases. It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the Company's consolidated NTA and EPS, as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the Share Purchases.

LETTER TO SHAREHOLDERS

For illustrative purposes only, assuming that the Share Purchase Mandate is effective 1 July 2019, and the Company has at the Latest Practicable Date purchased 112,865,000 Shares (representing 10% of its issued Shares at the Latest Practicable Date less treasury shares and subsidiary holdings), the financial effects of the purchase of 112,865,000 Shares by the Company pursuant to the Share Purchase Mandate by way of:

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

LETTER TO SHAREHOLDERS

on the audited financial statements of the Group and the Company for FY2020, are set out below.

(aa) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase (7)	After Share Purchase assuming Off- Market Purchase (8)	Before Share Purchase	After Share Purchase assuming Market Purchase (7)	After Share Purchase assuming Off- Market Purchase (8)
As at 30 June 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	27,916	27,916	27,916	8,936	8,936	8,936
Share Premium	69,304	69,304	69,304	72,155	72,155	72,155
Contributed Surplus	12,063	12,063	12,063	126,389	126,389	126,389
Other Reserve	(476)	(476)	(476)	—	—	—
Translation Reserve	(4,582)	(4,582)	(4,582)	(1,491)	(1,491)	(1,491)
Revenue Reserve	(37,232)	(37,232)	(37,232)	(230,001)	(230,001)	(230,001)
Non-controlling Interest	300	300	300	—	—	—
Equity attributable to owners of the Company	66,993	66,993	66,993	(24,012)	(24,012)	(24,012)
Treasury Shares	—	(1,806)	(2,032)	—	(1,806)	(2,032)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Less: Non-controlling Interest	(300)	(300)	(300)	—	—	—
Total Shareholders' Funds	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Current Assets	22,897	21,091	20,865	34,513	34,408	34,408
Current Liabilities	53,266	53,266	53,266	19,074	20,775	21,001
Cash and Bank Balances	7,182	5,376	5,150	105	—	—
Total Borrowings ⁽¹⁾	131,214	131,214	131,214	43,537	45,238	45,464
Net Tangible Assets (NTA) ⁽²⁾	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Net Loss After Tax Attributable to Shareholders	(22,363)	(22,363)	(22,363)	(20,846)	(20,846)	(20,846)
Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Weighted Average Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽³⁾	5.96	6.45	6.42	(2.13)	(2.54)	(2.56)
Gearing (%) ⁽⁴⁾	1.96	2.01	2.02	(1.81)	(1.75)	(1.75)
Current Ratio (times) ⁽⁵⁾	0.43	0.40	0.39	1.81	1.66	1.64
EPS/(LPS) (cents) ⁽⁶⁾	(1.98)	(2.20)	(2.20)	(1.85)	(2.05)	(2.05)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total Borrowings pertain to lease liabilities, loans due to a shareholder, bank loans and bank overdraft.
- (2) NTA equals Total Equity less Intangible Assets.
- (3) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (4) Gearing equals Total Borrowings divided by Total Shareholders' Funds.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) EPS / LPS equals Net Profit / Loss After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.
- (7) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.016 for one Share, which is 5% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$1,805,840.
- (8) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.018 for one Share, which is 20% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$2,031,570.

LETTER TO SHAREHOLDERS

(bb) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase ⁽⁷⁾	After Share Purchase assuming Off- Market Purchase ⁽⁸⁾	Before Share Purchase	After Share Purchase assuming Market Purchase ⁽⁷⁾	After Share Purchase assuming Off- Market Purchase ⁽⁸⁾
As at 30 June 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	27,916	27,916	27,916	8,936	8,936	8,936
Share Premium	69,304	67,498	67,272	72,155	70,349	70,123
Contributed Surplus	12,063	12,063	12,063	126,389	126,389	126,389
Other Reserve	(476)	(476)	(476)	–	–	–
Translation Reserve	(4,582)	(4,582)	(4,582)	(1,491)	(1,491)	(1,491)
Revenue Reserve	(37,232)	(37,232)	(37,232)	(230,001)	(230,001)	(230,001)
Non-controlling Interest	300	300	300	–	–	–
Equity attributable to owners of the Company	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Treasury Shares	–	–	–	–	–	–
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Less: Non-controlling Interest	(300)	(300)	(300)	–	–	–
Total Shareholders' Funds	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Current Assets	22,897	21,091	20,865	34,513	34,408	34,408
Current Liabilities	53,266	53,266	53,266	19,074	20,775	21,001
Cash and Bank Balances	7,182	5,376	5,150	105	–	–
Total Borrowings ⁽¹⁾	131,214	131,214	131,214	43,537	45,238	45,464
Net Tangible Assets (NTA) ⁽²⁾	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Net Loss After Tax Attributable to Shareholders	(22,363)	(22,363)	(22,363)	(20,846)	(20,846)	(20,846)
Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Weighted Average Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽³⁾	5.96	6.45	6.42	(2.13)	(2.54)	(2.56)
Gearing (%) ⁽⁴⁾	1.96	2.01	2.02	(1.81)	(1.75)	(1.75)
Current Ratio (times) ⁽⁵⁾	0.43	0.40	0.39	1.81	1.66	1.64
EPS/(LPS) (cents) ⁽⁶⁾	(1.98)	(2.20)	(2.20)	(1.85)	(2.05)	(2.05)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total Borrowings pertain to lease liabilities, loans due to a shareholder, bank loans and bank overdraft.
- (2) NTA equals Total Equity less Intangible Assets.
- (3) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (4) Gearing equals Total Borrowings divided by Total Shareholders' Funds.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) EPS / LPS equals Net Profit / Loss After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.
- (7) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.016 for one Share, which is 5% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$1,805,840.
- (8) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.018 for one Share, which is 20% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$2,031,570.

LETTER TO SHAREHOLDERS

(cc) Purchases made entirely out of distributable profits and held as treasury shares

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase (7)	After Share Purchase assuming Off- Market Purchase (8)	Before Share Purchase	After Share Purchase assuming Market Purchase (7)	After Share Purchase assuming Off- Market Purchase (8)
As at 30 June 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	27,916	27,916	27,916	8,936	8,936	8,936
Share Premium	69,304	69,304	69,304	72,155	72,155	72,155
Contributed Surplus	12,063	12,063	12,063	126,389	126,389	126,389
Other Reserve	(476)	(476)	(476)	–	–	–
Translation Reserve	(4,582)	(4,582)	(4,582)	(1,491)	(1,491)	(1,491)
Revenue Reserve	(37,232)	(37,232)	(37,232)	(230,001)	(230,001)	(230,001)
Non-controlling Interest	300	300	300	–	–	–
Equity attributable to owners of the Company	66,993	66,993	66,993	(24,012)	(24,012)	(24,012)
Treasury Shares	–	(1,806)	(2,032)	–	(1,806)	(2,032)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Less: Non-controlling Interest	(300)	(300)	(300)	–	–	–
Total Shareholders' Funds	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Current Assets	22,897	21,091	20,865	34,513	34,408	34,408
Current Liabilities	53,266	53,266	53,266	19,074	20,775	21,001
Cash and Bank Balances	7,182	5,376	5,150	105	–	–
Total Borrowings ⁽¹⁾	131,214	131,214	131,214	43,537	45,238	45,464
Net Tangible Assets (NTA) ⁽²⁾	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Net Loss After Tax Attributable to Shareholders	(22,363)	(22,363)	(22,363)	(20,846)	(20,846)	(20,846)
Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Weighted Average Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽³⁾	5.96	6.45	6.42	(2.13)	(2.54)	(2.56)
Gearing (%) ⁽⁴⁾	1.96	2.01	2.02	(1.81)	(1.75)	(1.75)
Current Ratio (times) ⁽⁵⁾	0.43	0.40	0.39	1.81	1.66	1.64
EPS/(LPS) (cents) ⁽⁶⁾	(1.98)	(2.20)	(2.20)	(1.85)	(2.05)	(2.05)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total Borrowings pertain to lease liabilities, loans due to a shareholder, bank loans and bank overdraft.
- (2) NTA equals Total Equity less Intangible Assets.
- (3) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (4) Gearing equals Total Borrowings divided by Total Shareholders' Funds.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) EPS / LPS equals Net Profit / Loss After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.
- (7) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.016 for one Share, which is 5% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$1,805,840.
- (8) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.018 for one Share, which is 20% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$2,031,570.

LETTER TO SHAREHOLDERS

(dd) Purchases made entirely out of distributable profits and cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase ⁽⁷⁾	After Share Purchase assuming Off- Market Purchase ⁽⁸⁾	Before Share Purchase	After Share Purchase assuming Market Purchase ⁽⁷⁾	After Share Purchase assuming Off- Market Purchase ⁽⁸⁾
As at 30 June 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	27,916	27,916	27,916	8,936	8,936	8,936
Share Premium	69,304	67,498	67,272	72,155	70,349	70,123
Contributed Surplus	12,063	12,063	12,063	126,389	126,389	126,389
Other Reserve	(476)	(476)	(476)	–	–	–
Translation Reserve	(4,582)	(4,582)	(4,582)	(1,491)	(1,491)	(1,491)
Revenue Reserve	(37,232)	(37,232)	(37,232)	(230,001)	(230,001)	(230,001)
Non-controlling Interest	300	300	300	–	–	–
Equity attributable to owners of the Company	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Treasury Shares	–	–	–	–	–	–
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Total Equity	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Less: Non-controlling Interest	(300)	(300)	(300)	–	–	–
Total Shareholders' Funds	66,993	65,187	64,961	(24,012)	(25,818)	(26,044)
Current Assets	22,897	21,091	20,865	34,513	34,408	34,408
Current Liabilities	53,266	53,266	53,266	19,074	20,775	21,001
Cash and Bank Balances	7,182	5,376	5,150	105	–	–
Total Borrowings ⁽¹⁾	131,214	131,214	131,214	43,537	45,238	45,464
Net Tangible Assets (NTA) ⁽²⁾	67,293	65,487	65,261	(24,012)	(25,818)	(26,044)
Net Loss After Tax Attributable to Shareholders	(22,363)	(22,363)	(22,363)	(20,846)	(20,846)	(20,846)
Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Weighted Average Number of Shares ('000)	1,128,657	1,015,792	1,015,792	1,128,657	1,015,792	1,015,792
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽³⁾	5.96	6.45	6.42	(2.13)	(2.54)	(2.56)
Gearing (%) ⁽⁴⁾	1.96	2.01	2.02	(1.81)	(1.75)	(1.75)
Current Ratio (times) ⁽⁵⁾	0.43	0.40	0.39	1.81	1.66	1.64
EPS/(LPS) (cents) ⁽⁶⁾	(1.98)	(2.20)	(2.20)	(1.85)	(2.05)	(2.05)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total Borrowings pertain to lease liabilities, loans due to a shareholder, bank loans and bank overdraft.
- (2) NTA equals Total Equity less Intangible Assets.
- (3) NTA per Share equals NTA divided by Total Number of Shares as at the Latest Practicable Date.
- (4) Gearing equals Total Borrowings divided by Total Shareholders' Funds.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) EPS / LPS equals Net Profit / Loss After Tax attributable to Shareholders divided by the Weighted Average Number of Shares as at the Latest Practicable Date.
- (7) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.016 for one Share, which is 5% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$1,805,840.
- (8) Assumes that the Company purchases the 112,865,000 Shares at the Maximum Price of S\$0.018 for one Share, which is 20% above the Average Closing Price and accordingly, the maximum amount of funds required for the purchase of the 112,865,000 Shares is S\$2,031,570.

Shareholders should note that the financial effects set out above are based on the abovementioned assumptions and are purely for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury. The above analysis is based on historical figures for FY2020 and is not necessarily representative of the Company's or the Group's future financial performance.

2.8 Listing Rules

2.8.1 The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, amongst others, the maximum number of shares authorised for purchase, the date of purchases, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the price paid per share or the highest and lowest price per share, and the total consideration (including stamp duties, clearing charges, etc.) 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.

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

LETTER TO SHAREHOLDERS

- 2.8.3 In particular, the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial statements.
- 2.8.4 The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, approximately 44.56% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and Off-Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition of Shares by the Company are set out below.

2.9.1 Obligation to make a Take-over Offer

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

2.9.2 Persons Acting in Concert

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

Without prejudice to the general application of this definition, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

(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 aforementioned for the purchase of voting rights.

For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

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

(c) a company with any of its pension funds and employee share schemes;

LETTER TO SHAREHOLDERS

- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual; (ii) the close relatives of (i); (iii) the related trusts of (i); (iv) any person who is accustomed to act in accordance with the instructions of (i); and (v) companies controlled by any of (i), (ii), (iii) or (iv); and (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned for the purchase of voting rights.

The circumstances under which Shareholders (including Directors 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 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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

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

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

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share Purchase.

As at the Latest Practicable Date, Haiyi Holdings Pte Ltd ("**Haiyi**") holds an aggregate of 500,000,000 Shares constituting 44.30% of the voting rights in the Company.

LETTER TO SHAREHOLDERS

Assuming that:

- (i) the Company undertakes Share Purchases under the Share Purchase Mandate up to the maximum of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as permitted by the Share Purchase Mandate;
- (ii) there is no change in the Haiyi's shareholding in the Company between the Latest Practicable Date and the date of the AGM;
- (iii) no new Shares are issued following Shareholders' approval of the renewal of the Share Purchase Mandate at the AGM; and
- (iv) Haiyi does not sell or otherwise dispose of its shareholdings in the Company,

the shareholdings of Directors and Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) pursuant to the Share Purchase Mandate are as follows:

	Number of Shares			Voting rights in the Company (%)	
	Direct Interest	Deemed Interest	Total Interest	Before Share Purchase	After Share Purchase
Directors					
Celine Tang ⁽¹⁾	—	500,000,000	500,000,000	44.30	49.22
Lock Wai Han	—	—	—	—	—
Ong Soon Teik	—	—	—	—	—
Lim Eng Hoe	—	—	—	—	—
Ng Kheng Choo	—	—	—	—	—
Substantial Shareholders					
Haiyi Holdings Pte. Ltd.	500,000,000	—	500,000,000	44.30	49.22
Tang Gordon@Tang Yigang ("Gordon Tang") ⁽²⁾	—	500,000,000	500,000,000	44.30	49.22
Li Lee Yu	125,732,000	—	125,732,000	11.14	12.38

Notes:

⁽¹⁾ Pursuant to Section 7 of the Companies Act, Mrs. Celine Tang is deemed to be interested in the 500,000,000 Shares held by Haiyi.

⁽¹⁾ Pursuant to Section 7 of the Companies Act, Mr. Gordon Tang is deemed to be interested in the 500,000,000 Shares held by Haiyi.

Based on 1,128,657,445 Shares in issue as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase or acquisition of 112,865,000 Shares, and consequently the shareholding of Haiyi would increase approximately from approximately 44.30% to 49.22%. The aggregate deemed shareholding interest of Mrs. Celine Tang and Mr. Gordon Tang would consequently increase from approximately 44.30% to 49.22%.

LETTER TO SHAREHOLDERS

Under the Take-over Code, Haiyi and its concert parties, Mrs. Celine Tang and Mr. Gordon Tang (collectively, the “**Relevant Parties**”), would, unless exempted, become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Purchase Mandate, their interest in the voting rights of the Company increases by more than 1% within a 6-month period.

The Relevant Parties will be exempted under Appendix 2 from the requirement under Rule 14.1(a) of the Take-over Code to make a general offer for the Company if their aggregate percentage of total voting rights in the Company increases by more than 1% or more within a 6-month period as a result of the Share Purchase Mandate, subject to the following conditions:

- (a) the circular to Shareholders on the resolution to authorise the renewal of the Share Purchase Mandate contains advice to the effect that by voting for the resolution for the renewal of the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties who, as a result of the Company buying back Shares, would increase their voting rights by more than 1% in any period of 6 months, and the names of the Relevant Parties, their voting rights at the time of the resolution and after the Share Purchase are disclosed in the same circular;
- (b) the resolution to authorise the renewal of the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Purchase;
- (c) the Relevant Parties abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the renewal of the Share Purchase Mandate;
- (d) within 7 days after the passing of the resolution to authorise the renewal of the Share Purchase Mandate, the Relevant Parties those of whom are also directors of the Company, are to each submit to the SIC a duly signed form as prescribed by the SIC; and
- (e) the Relevant Parties are not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Purchase proposal is imminent and the earlier of:
 - (i) the date on which the authority of the renewed Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Shareholders at the latest general meeting or the date on which the Company decides to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Purchase under the renewed Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding 6 months.

If the Company ceases to buy back its Shares under the renewed Share Purchase Mandate and the increase in the aggregate of total voting rights held by the Relevant Parties is less than 1% in any 6-month period, the Relevant Parties may acquire further voting rights in the Company. However, any increase in the Relevant Parties' percentage of voting rights as a result of the Share Purchases will be taken into account together with any Shares acquired by the Relevant Parties (by whatever means) in determining whether the Relevant Parties have increased their aggregate voting rights in the Company by more than 1% in any 6-month period.

LETTER TO SHAREHOLDERS

Shareholders should therefore note that by voting in favour of the resolution to approve the Share Purchase Mandate, they will be waiving their rights to a general offer at the required price by the Relevant Parties in the circumstances set out above.

“**Required price**” means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding 6 months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within 6 months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within 6 months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

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

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share Purchase.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Celine Tang ⁽¹⁾	—	—	500,000,000	44.30
Lock Wai Han	—	—	—	—
Ong Soon Teik	—	—	—	—
Lim Eng Hoe	—	—	—	—
Ng Kheng Choo	—	—	—	—
Substantial Shareholders (other than Directors)				
Haiyi Holdings Pte. Ltd.	500,000,000	44.30	—	—
Gordon Tang ⁽²⁾	—	—	500,000,000	44.30
Li Lee Yu	125,732,000	11.14	—	—

Notes:

⁽¹⁾ Pursuant to Section 7 of the Companies Act, Mrs. Celine Tang is deemed to be interested in the 500,000,000 Shares held by Haiyi.

⁽²⁾ Pursuant to Section 7 of the Companies Act, Mr. Gordon Tang is deemed to be interested in the 500,000,000 Shares held by Haiyi.

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

LETTER TO SHAREHOLDERS

4. SHARES BOUGHT BY THE COMPANY IN THE PAST 12 MONTHS

The Company has not purchased any Shares within the 12 months preceding the Latest Practicable Date.

5. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

6. ABSTENTION FROM VOTING

Haiyi and its concert parties, Mrs. Celine Tang and Mr. Gordon Tang, will abstain from voting at the 2020 AGM in respect of resolution 8, being the ordinary resolution relating to the renewal of the Share Purchase Mandate, in view of Note 3(a)(iii) of Appendix 2 of the Take-over Code, and would not accept nominations as proxy or otherwise for voting at the 2020 AGM in respect of the said resolution.

7. DIRECTORS' RECOMMENDATION

Save for Mrs. Celine Tang, the Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the 2020 AGM.

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

9. ANNUAL GENERAL MEETING

The 2020 AGM, notice of which is enclosed with the Annual Report, will be held on 30 November 2020 at 2.30 p.m. by electronic means, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of AGM, including but not limited to resolution 8, being the ordinary resolution relating to the renewal of the Share Purchase Mandate.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with the Annual Report the Notice of AGM and a proxy form.

Shareholders (including a depositor registered and holding shares through The Central Depository (Pte) Limited) will not be able to attend the AGM in person. Shareholders (including a depositor registered and holding shares through The Central Depository (Pte) Limited) who pre-register may participate at the AGM by observing and/or listening to the proceedings via "live" webcast via mobile phone, tablet or computer. A Shareholder (including a depositor registered and holding shares through The Central Depository (Pte) Limited) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM, in accordance with the instructions printed on the proxy form.

LETTER TO SHAREHOLDERS

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, during normal business hours from the date of this Appendix up to and including the date of the 2020 AGM:

- (a) the Annual Report of the Company for FY2020; and
- (b) the Memorandum of Association and the Bye-laws.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

Yours faithfully

For and on behalf of the Board of Directors of
OKH GLOBAL LTD.

Lock Wai Han
Executive Director and Chief Executive Officer
6 November 2020