13 April 2016
APPENDIX

This Appendix has been prepared by the Company and reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

HOSENGROUP
LTD
(Company Registration Number 200403029E)
(Incorporated in the Republic of Singapore)

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

DEFINITIONS

In this Appendix, the following definitions apply throughout unless the context otherwise requires or it is otherwise stated:

"Articles"	:	The Articles of Association of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Directors"	:	The directors of the Company for the time being
"FY"	:	Financial year ended or ending, as the case may be, 31 December
"Group"	:	The Company and its Subsidiaries
"Latest Practicable Date"	:	31 March 2016, being the latest practicable date prior to the printing of the Notice of AGM
"Listing Manual"	:	The Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Registrar"	:	The Accounting and Corporate Regulatory Authority
"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy-Back"	:	The purchase or acquisition of Shares by the Company in accordance with the Companies Act
"Share Buy-Back Mandate"	:	The mandate to enable the Company to purchase or otherwise acquire its issued Shares
"Shares"	:	Ordinary shares in the capital of the Company

"Shareholders"	:	Persons who are for the time being registered as holders of the Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term "**Shareholders**" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
"SIC"	:	Securities Industry Council of Singapore
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company, as defined under Section 5 of the Companies Act
"Substantial Shareholder"	:	A substantial Shareholder as defined under Section 81 of the Companies Act
"S$"	:	Singapore dollars
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers
"Treasury Shares"	:	Shares which: (a) are purchased by the Company in circumstances in which Section 76H of the Companies Act applies; and (b) held by the Company continuously since the Treasury Shares are so purchased
"%"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

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

Any reference to a time of day in this Appendix shall be a reference to Singapore time 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 or the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

1. INTRODUCTION

At the annual general meeting of the Company held on 29 April 2015, the Shareholders had renewed a share buy-back mandate to enable the Company to purchase or otherwise acquire issued Shares (the "**Existing Share Buy-Back Mandate**").

The rationale for the authority and limitations on, and the financial effects of, the Existing Share Buy-Back Mandate were set out in Circular dated 13 April 2015.

The Existing Share Buy-Back Mandate will expire on the date of the forthcoming annual general meeting of the Company, scheduled to be held on 29 April 2016 ("**AGM**"). The Directors propose that the Existing Share Buy-Back Mandate be renewed at the AGM in terms of Ordinary Resolution 8 that will be proposed at the AGM (the "**Share Buy-Back Mandate**").

2. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Shareholders' Approval

Approval is being sought from Shareholders at the AGM to renew Share Buy-Back Mandate for the purchase by the Company of its issued Shares. If approved, the Share Buy-Back Mandate will take effect from the date of the AGM and continue in force until the date of the next annual general meeting or such date as the next annual general meeting is required by law to be held, whichever is the earlier, unless prior thereto, share buy-backs are carried out to the full extent mandated or the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting. The Share Buy-Back Mandate may be put to Shareholders for renewal at each subsequent annual general meeting.

2.2 Rationale

The Share Buy-Back Mandate will give the Directors the flexibility to purchase Shares if and when circumstances permit. The Directors believe that Share Buy-Backs provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The proposed Share Buy-Back Mandate will also give the Company the opportunity to buy back Shares when such Shares are deemed to be under-valued.

Share Buy-Backs will only be made when the Directors believe that such buy-backs would be in the best interests of the Company.

2.3 Authority and Limits on the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares under the Share Buy-Back Mandate, if approved at the AGM, are as follows:

2.3.1 *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the Shares as at the date of the forthcoming AGM at which the Share Buy-Back Mandate is approved.

For illustrative purposes, on the basis that there are 327,310,846 Shares (excluding Treasury Shares) in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the date of the AGM, not more than 32,731,084 Shares (representing ten per cent. (10%) of the total number of Shares as at that date) may be purchased by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 *Duration of Authority*

Under the Share Buy-Back Mandate, the Company may buy back Shares, at any time and from time to time, on and from the date of the AGM at which the Share Buy-Back Mandate is approved up to:–

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or

(c) 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 earliest.

2.3.3 *Manner of Share Buy-Backs*

Share Buy-Backs may be made by way of:–

(a) an on-market Share Buy-Back transacted through the SGX-ST's trading system; and/or

(b) an off-market Share Buy-Back effected in accordance on an equal access scheme(s) as defined in Section 76C of the Companies Act.

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

2.3.4 ***Off-market Share Buy-Backs***

An off-market Share Buy-Back on an "**equal access scheme**" must satisfy all the following conditions:–

(a) the offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same except that there shall be disregarded:–

(i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

(ii) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(iii) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

If the Company makes an off-market Share Buy-Back on an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:–

(a) terms and conditions of the offer;

(b) period and procedures for acceptances;

(c) reasons for the proposed Share Buy-Back;

(d) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buy-Back, if made, could affect the listing of the Shares on the SGX-ST;

(f) details of any Share Buy-Back made by the Company in the previous twelve (12) months (whether on-market Share Buy-Backs or off-market Share Buy-Backs 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 purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.5 ***Maximum Purchase Price to be paid for the Shares***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other purchase-related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price for a Share shall not exceed:–

(a) in the case of an on-market Share Buy-Back, five per cent. (5%) above the Average Closing Market Price of the Shares; and

(b) in the case of an off-market Share Buy-Back pursuant to an equal access scheme, twenty per cent. (20%) above the Average Closing Market Price of the Shares.

For the above purposes:–

"**Average Closing Market Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which an on-market Share Buy-Back was made by the Company or, as the case may be, the date of the making of the offer pursuant to an off-market Share Buy-Back on an equal access scheme, and deemed to be adjusted for any corporate action that occurs after such five (5)-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the off-market Share Buy-Back.

The Listing Manual restricts a listed company from purchasing shares by way of on-market share buy-backs at a price per share which is more than five per cent. (5%) above the "**average closing market price**", being the average of the closing market prices of the shares over the last five (5) Market Days on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market share buy-backs, the Company has set a cap of twenty per cent. (20%) above the average closing market price of a Share as the maximum price for a Share to be purchased or acquired by way of off-market Share Buy-Backs.

2.4 **Funding of Share Buy-Backs**

In financing the Share Buy-Backs, the Company may only apply funds legally available in accordance with its Articles and the applicable laws in Singapore. The Company may not buy back its Shares on the SGX-ST for a consideration other than in cash or, in the case of an on-market Share Buy-Back, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use its internal funds and borrowings to finance the Share Buy-Backs. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing level of the Company and the Group. The Company will only exercise the Share Buy-Back Mandate in the best interests of the Company and the Group without causing adverse financial impact to the Company and the Group. **In particular, the Company will have regard to any relevant financial covenants which are applicable to the Company and/or the Group under any agreements for banking and credit facilities which may be granted by a financial institution to the Company and/or the Group from time to time. The Company will not buy-back any Shares if such purchases would lead to any breaches of the relevant financial covenants.**

2.5 **Status of Purchased Shares**

The Shares purchased or acquired by the Company under the Share Buy-Back Mandate shall be deemed to be cancelled on purchase or acquisition unless held in treasury in accordance with Section 76H of the Companies Act. The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of Shares.

Where Shares purchased or acquired by the Company under the Share Buy-Back Mandate are held as Treasury Shares, the Company may at any time:–

(a) sell the Treasury Shares for cash;

(b) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the Treasury Shares; or

(e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

In the event that the Treasury Shares purchased or acquired by the Company under the Share Buy-Back Mandate are subsequently sold, transferred, cancelled and/or used, the Company will, pursuant to Rule 704(31) of the Listing Manual, immediately announce any sale, transfer, cancellation and/or use of the 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.

Where Shares purchased or acquired by the Company under the Share Buy-Back Mandate are cancelled, such Shares will be automatically de-listed by the SGX-ST. Certificates in respect of such cancelled Shares will be cancelled and destroyed by the Company as soon as is reasonably practicable after the Shares have been acquired.

The Company shall not exercise any rights and privileges in respect of the Treasury Shares, including:–

(a) the right to attend or vote at meetings; and

(b) the right to receive dividends or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

The Company may receive allotments of fully paid bonus shares in respect of the Treasury Shares and the Treasury Shares may be sub-divided or consolidated so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.

Any Shares allotted as fully paid bonus shares in respect of the Treasury Shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied.

2.6 **Financial Effects of the Proposed Share Buy-Back**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. For this purpose, a company is "**solvent**" if:–

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if:–

(i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the purchase or acquisition, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of purchase or acquisition; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

Where the consideration paid by the Company for the purchase or acquisition of Shares (including brokerage, commission, goods and services tax and other purchase-related expenses) is made out of available profits, this will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The actual impact of the Share Buy-Back on the financials of the Company and the Group will depend on the exact number of Shares purchased or acquired, the purchase prices at the relevant time of purchase, how the purchase or acquisition is funded, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

2.6.1 ***Information as at the Latest Practicable Date***

As at the Latest Practicable Date, the issued capital of the Company comprises of 327,310,846 Shares (excluding Treasury Shares).

Purely for illustrative purposes, on the basis of 327,310,846 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and all outstanding Treasury Shares held by the Company on or prior to the AGM are sold, transferred or cancelled in accordance with the Companies Act prior to the new Share Buy-Back Mandate, the purchase by the Company of ten per cent. (10%) of its issued Shares will result in the purchase or acquisition of 32,731,084 Shares. Taking into consideration the financial results of the Company for the period ended 31 December 2015, the Company currently intends for the purchases of Shares, if any, under the Share Buy-Back Mandate to be made out of the Company's capital and not profits.

If there are outstanding Treasury Shares held by the Company, the maximum amount of Share Buy-Back would be reduced accordingly in accordance with Section 76H of the Companies Act.

2.6.2 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraph 2.6.1 above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Group based on the financial year ended 31 December 2015 are set out below and assuming the following:

(a) *On-market Share Buy-Back*

In the case of on-market Share Buy-Backs and assuming that the Company buys back 32,731,084 Shares at the maximum price of S$0.048 for one (1) Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 32,731,084 Shares is S$1.577 million.

Shares purchased or acquired by way of on-market purchases are assumed to have been made equally out of capital and were either (i) cancelled or (ii) held as Treasury Shares.

(b) *Off-market Share Buy-Back*

In the case of off-market Share Buy-Backs and assuming that the Company buys back 32,731,084 Shares at the maximum price of S$0.055 for one (1) Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 32,731,084 Shares is S$1.807 million.

Shares purchased or acquired by way of off-market purchases are assumed to have been made equally out of capital and were either (i) cancelled or (ii) held as Treasury Shares.

The financial effects on the audited financial accounts of the Group for the financial year ended 31 December 2015 would have been as follows:

Scenario 1(A)

On-market purchases of up to maximum of ten per cent. (10%) made entirely out of capital and cancelled.

As at 31 December 2015

	Group		Company	
	Before Share Buy-Back S$'000	**After Share Buy-Back S$'000**	**Before Share Buy-Back S$'000**	**After Share Buy-Back S$'000**
Equity attributable to owners of the parent	26,977	25,400	25,073	23,496
Net Assets	26,977	25,400	25,073	23,496
Current Assets	34,254	32,677	3,493	1,916
Current Liabilities	16,560	16,560	256	256
Total Borrowings	13,014	13,014	0	0
Loss attributable to Shareholders	946	946	72	72
No. of issued and paid up shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Weighted average number of Shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Financial Ratios				
Net Assets per Share (in cents)	8.24	8.62	7.66	7.98
Gearing (times)	0.48	0.51	0	0
Loss per Share (in cents)	0.29	0.32	0.02	0.02

Scenario 1(B)

On-market purchases of up to maximum of ten per cent. (10%) made entirely out of capital and held as Treasury Shares.

As at 31 December 2015

	Group		Company	
	Before Share Buy-Back S$'000	**After Share Buy-Back S$'000**	**Before Share Buy-Back S$'000**	**After Share Buy-Back S$'000**
Equity attributable to owners of the parent	26,977	25,400	25,073	23,496
Net Assets	26,977	25,400	25,073	23,496
Current Assets	34,254	32,677	3,493	1,916
Current Liabilities	16,560	16,560	256	256
Total Borrowings	13,014	13,014	0	0
Loss attributable to Shareholders	946	946	72	72
No. of issued and paid up shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Weighted average number of Shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Financial Ratios				
Net Assets per Share (in cents)	8.24	8.62	7.66	7.98
Gearing (times)	0.48	0.51	0	0
Loss per Share (in cents)	0.29	0.32	0.02	0.02

Scenario 2(A)

Off-market purchases of up to maximum of ten per cent. (10%) made entirely out of capital and cancelled.

As at 31 December 2015

	Group		Company	
	Before Share Buy-Back S$'000	**After Share Buy-Back S$'000**	**Before Share Buy-Back S$'000**	**After Share Buy-Back S$'000**
Equity attributable to owners of the parent	26,977	25,170	25,073	23,266
Net Assets	26,977	25,170	25,073	23,266
Current Assets	34,254	32,447	3,493	1,686
Current Liabilities	16,560	16,560	256	256
Total Borrowings	13,014	13,014	0	0
Loss attributable to Shareholders	946	946	72	72
No. of issued and paid up shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Weighted average number of Shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Financial Ratios				
Net Assets per Share (in cents)	8.24	8.54	7.66	7.90
Gearing (times)	0.48	0.52	0	0
Loss per Share (in cents)	0.29	0.32	0.02	0.02

Scenario 2(B)

Off-market purchases of up to maximum of ten per cent (10%) made entirely out of capital and held as Treasury Shares.

As at 31 December 2015

	Group		Company	
	Before Share Buy-Back S$'000	**After Share Buy-Back S$'000**	**Before Share Buy-Back S$'000**	**After Share Buy-Back S$'000**
Equity attributable to owners of the parent	26,977	25,170	25,073	23,266
Net Assets	26,977	25,170	25,073	23,266
Current Assets	34,254	32,447	3,493	1,686
Current Liabilities	16,560	16,560	256	256
Total Borrowings	13,014	13,014	0	0
Loss attributable to Shareholders	946	946	72	72
No. of issued and paid up shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Weighted average number of Shares (excluding Treasury Shares) ('000)	327,311	294,580	327,311	294,580
Financial Ratios				
Net Assets per Share (in cents)	8.24	8.54	7.66	7.90
Gearing (times)	0.48	0.52	0	0
Loss per Share (in cents)	0.29	0.32	0.02	0.02

Shareholders should note that the financial effects illustrated above are *for illustrative purposes only*. In particular, it is important to note that the above analyses are based on the latest audited accounts of the Company and the Group as at 31 December 2015, and is not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy back up to ten per cent. (10%) of the Company's issued Shares as at the date that the Share Buy-Back Mandate is obtained, the Company may not necessarily buy back or be able to buy back ten per cent. (10%) of the issued Shares in full.

2.7 **Taxation**

Shareholders who are in doubt as to their respective tax positions or any tax implications should consult their own tax advisors to take into account the tax law applicable, whether in or outside Singapore, to their particular situations.

2.8 **Reporting Requirements**

Within thirty (30) days of the passing of a Shareholders' resolution to approve or renew the proposed Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall lodge with the Registrar a notice of Share Buy-Back within thirty (30) days of such Share Buy-Back. Such notification shall include the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

2.9 **Announcement of Share Buy-Back**

The Listing Manual specifies that a listed company shall notify the SGX-ST of any on-market share purchases not later than 9.00 a.m. on the Market Day following the day on which the on-market share purchase was made, and of any off-market share purchases under an equal access scheme not later than 9.00 a.m. on the second (2nd) Market Day after the close of acceptances of the offer for the off-market share purchase. The notification of such share purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications on the SGXNET.

2.10 **Suspension of Buy Back of Shares**

As the Company would be considered an "**insider**" in relation to any Share Buy-Back, 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 buy Shares during the period commencing one (1) month before the announcement of the Company's annual and half-year results and until one (1) day after the announcement of the relevant results.

2.11 **Listing Status on SGX-ST**

The Listing Manual provides that a listed company shall ensure that at least ten per cent. (10%) of a class of its listed securities is at all times held by the public.

As at the Latest Practicable Date, approximately 51.00% of the issued share capital (excluding Treasury Shares) of the Company is held in the hands of the public. Assuming that Share Buy-Backs were carried out on the Latest Practicable Date, and the Company

bought back a maximum number of 32,731,084 Shares, approximately 45.56% of the issued share capital of the Company (excluding Treasury Shares) will be held in the hands of the public.

The Directors will use their best efforts to ensure that the Company does not effect Share Buy-Backs if it would result in the number of Shares remaining in the hands of the public falling to such a level as to adversely affect the listing status of the Company.

2.12 **Take-over Implications under the Take-over Code**

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

Obligation to Make a Take-over Offer

Pursuant to Appendix 2 of the Take-over Code, any increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him 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 thirty per cent. (30%) or more or, if they, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, increase their voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

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

Persons Acting in Concert

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

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies, any company whose associated companies include any of the aforesaid companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of voting rights;

(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;

(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 clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where there have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the aforesaid persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons or companies for the purchase of voting rights.

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

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

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

(a) unless exempted, 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 if, as a result of the Company purchasing or acquiring its ordinary shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months; and

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

Based on Substantial Shareholders' notifications received by the Company as at the Latest Practicable Date (which is set out in paragraph 3 of this Appendix), Mr Lim Hai Cheok, Mdm Chong Poh Soon and Ms Lim Kim Eng are Substantial Shareholders of the Company. They are also Directors. Further, based on the Register of Directors' Shareholding as at the Latest Practicable Date (which is set out in paragraph 3 of this Appendix), Mr Lim Hock Chye Daniel is a Shareholder and Director. Accordingly, Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of ten per cent. (10%) of its issued Shares.

2.13 **Previous Purchases of Shares**

The Company has not undertaken any purchase or acquisition of Shares pursuant to the Existing Share Buy-Back Mandate in the last twelve (12) months immediately preceding the Latest Practicable Date.

2.14 **Exemption under Appendix 2 of the Take-Over Code**

2.14.1 ***The Concert Parties***

Mr Lim Hai Cheok and Mdm Chong Poh Soon are spouses and are presumed to be acting in concert with each other with respect to the Company. As at the Latest Practicable Date, Mr Lim Hai Cheok and Mdm Chong Poh Soon have an aggregate interest (direct and deemed) in 129,843,750 Shares, comprising of 65,000,000 Shares held directly by Mr Lim Hai Cheok and 64,843,750 Shares held directly by Mdm Chong Poh Soon.

Ms Lim Kim Eng is the sister of Mr Lim Hai Cheok and they are presumed to be acting in concert with each other with respect to the Company. Ms Lim Kim Eng has a direct interest in 17,812,500 Shares.

Mr Lim Hock Chye Daniel is the son of Mr Lim Hai Cheok and Mdm Chong Poh Soon, and nephew of Ms Lim Kim Eng. They are presumed to be acting in concert with each other with respect to the Company. Mr Lim Hock Chye Daniel has a direct interest in 3,204,000 Shares.

As illustrated below, Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel have an aggregate interest (direct and deemed) in 150,860,250 Shares representing about 46.09% of the total issued share capital of the Company as at the Latest Practicable Date (which consists of a total of 327,310,846 Shares excluding Treasury Shares).

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Lim Hai Cheok	65,000,000	19.86	64,843,750	19.81	129,843,750	39.67
Chong Poh Soon	64,843,750	19.81	65,000,000	19.86	129,843,750	39.67
Lim Kim Eng	17,812,500	5.44	–	–	17,812,500	5.44
Lim Hock Chye	3,204,000	0.98	–	–	3,204,000	0.98

In the event the Company acquires up to ten per cent. (10%) of its Shares pursuant to the Share Buy-Back Mandate, the aggregate holdings of Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel may increase by more than one per cent. (1%) in any period of six (6) months. Under the Take-over Code, Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel and their concert parties will incur a mandatory take-over obligation for the Shares, unless exempted under Section 3(a) of Appendix 2 of the Take-over Code. Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel have confirmed to the Company that none of the other Directors is acting in concert with any of them.

Assuming that pursuant to the Share Buy-Back Mandate the Company purchases and cancels 32,731,084 Shares representing approximately ten per cent. (10%) of the total issued and paid-up share capital of the Company of 327,310,846 Shares (excluding Treasury Shares), the aggregate voting rights of Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel will increase from 46.09% to 51.21%.

Based on the voting rights of the Company held by Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel as at the Latest Practicable Date and assuming that:

(a) the Company undertakes Share Buy-Backs under the Share Buy-Back Mandate up to the maximum of ten per cent. (10%) of the issued share capital of the Company as permitted by the Share Buy-Back Mandate;

(b) there is no change in the holding of Shares between the Latest Practicable Date and the date of the AGM;

(c) no new Shares are issued following approval being received from Shareholders at the AGM for the Share Buy-Back Mandate; and

(d) Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel do not sell or otherwise dispose of all or part of their shareholding of Shares in the Company,

the voting rights of Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel as at the AGM and after the purchase by the Company of ten per cent. (10%) of the issued share capital of the Company pursuant to the Share Buy-Back Mandate is as follows:

	Voting Rights in the Company (%)	
Name	**Before Share Buy-Back**	**After Share Buy-Back**
Lim Hai Cheok	19.86	22.07
Chong Poh Soon	19.81	22.01
Lim Kim Eng	5.44	6.04
Lim Hock Chye	0.98	1.09
Total Voting Rights	**46.09**	**51.21**

2.14.2 ***Conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code***

Pursuant to Appendix 2 of the Take-over Code, Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel (collectively, the "**Concert Parties**") will be exempted from the requirement to make an offer under Rule 14 in the event that the Concert Parties' aggregate percentage of voting rights in the Company increases by more than one per cent. (1%) in any six (6)-month period as a result of the Company buying back its Shares pursuant to the Share Buy-Back Mandate, subject to the following conditions:-

(a) the circular to Shareholders seeking their approval for the Share Buy-Back Mandate contains advice to the effect that by voting for the resolution to approve the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Parties and their concert parties, if any, who, as a result of the Company buying back its Shares would increase their voting rights by more than one per cent. (1%) in any six (6)-month period; the names of the Concert Parties, as well as parties acting in concert with them, if any, and their voting rights at the time of the resolution and after the Company purchases up to ten per cent. (10%) of its issued Shares in full are disclosed in the same circular;

(b) the resolution to approve the Share Buy-Back 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 Buy-Backs;

(c) the Concert Parties and their concert parties, if any, abstain from voting for, and/or recommending the Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;

(d) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, each of the Concert Parties is to submit to the SIC a duly signed form as prescribed by the SIC;

(e) the Concert Parties and their concert parties, if any, have not acquired and will not acquire any Shares between the date on which they know the announcement of the Share Buy-Back Mandate is imminent and the earlier of:–

(i) the date the authority of the Share Buy-Back Mandate expires; and

(ii) the date on which the Company announces it has bought back such number of Shares authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

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

As such, if the aggregate voting rights held by the Concert Parties and their concert parties, if any, increase by more than one per cent. (1%) solely as a result of the Share Buy-Back, and none of them has acquired any Shares during the relevant period, then the Concert Parties, and their concert parties, if any, would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back Shares and the increase in the aggregate voting rights held by the Concert Parties and their concert parties, if any, as a result of Share Buy-Backs at the time of such cessation is less than one per cent. (1%) in any six (6)-month period, the Concert Parties and their concert parties, if any, will be allowed to acquire Shares in the Company. However, any increase in the percentage of voting rights of the Concert Parties and their concert parties, if any, as a result of the Share Buy-Backs will be taken into account together with Shares acquired by the Concert Parties and their concert parties, if any, (by whatever means) in determining whether the Concert Parties and their concert parties, if any, have increased their aggregate voting rights in the Company by more than one per cent. (1%) in any six (6)-month period.

Shareholders are advised that by voting in favour of the Ordinary Resolution relating to the approval of the Share Buy-Back Mandate, they will be waiving their rights to a take-over offer at the required price from Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel and persons acting in concert with them who, as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate, would increase their aggregate interest in the Shares by more than one per cent. (1%) in any period of six (6) months.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the SIC before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

2.14.3 ***Form 2 submission to the SIC***

Form 2 (Submission by Directors and their concert parties pursuant to Appendix 2 of the Take-over Code) is the prescribed form to be submitted to the SIC by the Concert Parties, and their concert parties, if any, pursuant to the conditions for exemption (please refer to condition (d) of paragraph 2.14.2 above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the Share Buy-Back Mandate.

As at the Latest Practicable Date, the Concert Parties have informed the Company that they will be submitting Form 2 to the SIC within 7 days after the passing of the resolution approving the Share Buy-Back Mandate.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares as recorded in the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date are set out below:-

	Direct Interest		Deemed Interest[3]		Total Interest	
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]
Directors						
Lim Hai Cheok	65,000,000	19.86	64,843,750	19.81	129,843,750	39.67
Chong Poh Soon	64,843,750	19.81	65,000,000	19.86	129,843,750	39.67
Lim Kim Eng	17,812,500	5.44	–	–	17,812,500	5.44
Lim Hock Chye Daniel	3,204,000	0.98	–	–	3,204,000	0.98
Lim Heng Seng	–	–	–	–	–	–
Wee Piew	–	–	–	–	–	–
Ngiam Zee Moey	–	–	–	–	–	–
Substantial Shareholders						
Lim Hai Cheok	65,000,000	19.86	64,843,750	19.81	129,843,750	39.67
Chong Poh Soon	64,843,750	19.81	65,000,000	19.86	129,843,750	39.67
Lim Kim Eng	17,812,500	5.44	–	–	17,812,500	5.44

Notes:–

(1) The percentage shareholding interest is based on the issued share capital of 327,310,846 Shares (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Mr Lim Hai Cheok and Mdm Chong Poh Soon are spouses. Both Mr Lim and Mdm Chong's deemed interest in the shares held by their spouses are taken into consideration in this computation.

4. DIRECTORS' RECOMMENDATIONS

4.1 The Proposed Renewal of the Share Buy-Back Mandate

The Directors (save for Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel who have abstained from making any recommendation in respect of the Share Buy-Back Mandate) are of the opinion that the proposed Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution relating to the proposed Share Buy-Back Mandate at the AGM.

5. ABSTENTION FROM VOTING

Pursuant to paragraph 3(a)(iv) of Appendix 2 of the Take-over Code, Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel and their concert parties, if any, shall abstain from voting at the AGM on the Ordinary Resolution in respect of the proposed Share Buy-Back Mandate.

Mr Lim Hai Cheok, Mdm Chong Poh Soon, Ms Lim Kim Eng and Mr Lim Hock Chye Daniel shall also decline to accept nomination as proxies for any Shareholder to vote in respect of the Ordinary Resolution unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the Ordinary Resolution.

Shareholders should note that the Ordinary Resolution in respect of the proposed Share Buy-Back Mandate shall be voted on by way of a poll among Shareholders who could not become obliged to make a general offer under the Take-over Code as a result of the Share Buy-Back.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after having made all reasonable enquiries, that to the best of their knowledge and belief, this Appendix contains full and true disclosure of all material facts about the proposed renewal of 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.