

BROADWAY INDUSTRIAL GROUP LIMITED

(Company Registration No.: 199405266K)
(Incorporated in the Republic of Singapore)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 11 APRIL 2018

IN RELATION TO

THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

If you have any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Broadway Industrial Group Limited, you should immediately forward this Annual Report/Appendix to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Annual Report/ Appendix.

APPENDIX

1. INTRODUCTION

1.1. Summary. The Directors (the "**Directors**") of Broadway Industrial Group Limited (the "**Company**") are convening an annual general meeting to be held on 27 April 2018 (the "**AGM**") to seek, among other matters, the approval of its Shareholders[1] for the renewal of the mandate (the "**Share Buy-Back Mandate**") enabling the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the "**Shares**").

1.2. Appendix. The purpose of this Appendix is to provide Shareholders with information relating to the proposal for the renewal of the Share Buy-Back Mandate, to be tabled at the AGM.

2. THE RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1. Background. Shareholders had approved the renewal of a Share Buy-Back Mandate at the annual general meeting of the Company held on 30 April 2017 (the "**2017 AGM**"). The authority and limitations of the Share Buy-Back Mandate were set out in the circular dated 15 April 2017 issued prior to the 2017 AGM. The Share Buy-Back Mandate approved at the 2017 AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, will be expiring on 27 April 2018, being the date of the AGM. It is proposed that the Share Buy-Back Mandate be renewed at the AGM. This proposal will be tabled as an Ordinary Resolution for Shareholders' approval at the AGM.

2.2. Rationale. The Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period that the Share Buy-Back Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Furthermore, it allows the Directors to exercise greater control over the Company's share capital structure, dividend pay-out and cash reserves.

The proposed Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued.

The Shares which are purchased or acquired may be held as treasury shares which may be used for prescribed purposes such as selling treasury shares for cash, transferring them as consideration for the acquisition of assets or transferring them pursuant to an employees' share scheme. The use of treasury shares in lieu of issuing new Shares will also mitigate the dilution impact on existing shareholders.

Whilst the Share Buy-Back Mandate will authorise a purchase or acquisition of Shares up to the said 10 per cent. limit during the period referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full 10 per cent. limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders 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 affect the listing status of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST").

[1] Refers to registered holders of Shares, except that where the registered holder is The Central Depository (Pte) Limited ("**CDP**"), the term "**Shareholders**" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares.

2.3. Authority and Limitations. The authority and limitations on the purchase or acquisition of Shares by the Company under the Share Buy-Back Mandate 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 Buy-Back Mandate is limited to that number of Shares representing not more than 10 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings[2]) as at the date of the AGM unless the Company has, at any time during the Relevant Period (as defined in Paragraph 2.3.2 below), reduced its share capital in accordance with the applicable provisions of the Companies Act, Chapter 50 Singapore (the "**Companies Act**"), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction. Under the Companies Act, any subsidiary holdings and any Shares which are held as treasury shares shall be disregarded for the purposes of computing the 10 per cent. limit.

Purely for illustrative purposes, on the basis of 470,179,961 Shares (being 471,914,611 Shares excluding 1,734,650 treasury shares and there being no subsidiary holdings) as at 28 February 2018, being the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**") and assuming that between the Latest Practicable Date and the date of the AGM (i) no new Shares are issued, (ii) no further Shares are repurchased by the Company and cancelled or held as treasury shares and (iii) no treasury shares are cancelled or used by the Company for any of the prescribed purposes, then not more than 47,017,996 Shares (representing 10 per cent. of the total number of Shares as at that date, excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the period when the Share Buy-Back Mandate is in force as set out 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 Share Buy-Back Mandate is approved, up to:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held ("**Relevant Period**");

(ii) 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

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied,

whichever is the earliest.

[2] "Subsidiary holdings" is defined in the Listing Manual of the SGX-ST ("**Listing Manual**") to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

2.3.3. **Manner of Purchase or Acquisition of Shares**

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

(i) on-market purchases ("**On-Market Purchases**"); and/or

(ii) off-market purchases ("**Off-Market Purchases**").

On-Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme ("**equal access scheme**") or schemes for the purchase or acquisition of Shares from Shareholders pursuant to 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 of the SGX-ST 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. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, inter alia:

(A) the terms and conditions of the offers;

(B) the period and procedures for acceptances;

(C) the reasons for the proposed Share purchases;

(D) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(E) whether the Share purchases, if made, would have any effect on the listing of the equity securities on the SGX-ST;

(F) the details of any Share purchases made by the Company in the previous 12 months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4. **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the "**Maximum Price**") to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of an On-Market Purchase, 5 per cent. above the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 20 per cent. above the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five days on which the SGX-ST is open for trading of securities ("**Market Days**") on which the Shares were transacted on the SGX-ST, before the date of the On-Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4. Status of Purchased or Acquired Shares. Under the Companies Act, the Shares purchased or acquired by the Company shall, unless held in treasury in accordance with Section 76H of the Companies Act, be deemed to be cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

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

2.5.1. **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10 per cent. of the total number of Shares. In the event that the Company holds more than 10 per cent. of the total number of its Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under Paragraph 2.5.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2. **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3. **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.5.4. Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares subject to the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares subject to the Usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage, and the value of the treasury shares subject to the Usage.

2.6. Source of Funds. In purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's capital and/or profits. The Company may not purchase or acquire Shares on the SGX-ST for a consideration other than in cash or, in the case of a On-Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Company intends to use internal sources of funds and external borrowings to finance purchases or acquisitions of its Shares. 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 its subsidiaries (the "**Group**"). The Company will only exercise the Share Buy-Back Mandate in the interest of the Group without causing adverse financial impact to the Group. **In particular, the Company will have regard to any relevant financial covenants which are applicable to the Company or the Group under any agreements for banking and credit facilities which may be granted by a financial institution to the Company or the Group from time to time. The Company will not purchase or acquire any Shares if such purchases would lead to any breaches of the relevant financial covenants.**

2.7. Financial Effects. The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, inter alia, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. The financial effects on the Group based on the audited financial statements of the Group for the financial year ended 31 December 2017 are based on the assumptions set out below.

2.7.1. **Purchase or Acquisition Out of Capital and/or Profits**

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

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

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

2.7.2. **Maximum Price Paid for Shares Acquired or Purchased**

Based on 470,179,961 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of 10 per cent. of such Shares will result in the purchase or acquisition of 47,017,996 Shares.

Assuming that the Company purchases or acquires the 47,017,996 Shares at the Maximum Price on the Latest Practicable Date, the maximum amount of funds required is approximately:

(i) in the case of On-Market Purchases of Shares, S$5.7 million based on S$0.121 for each Share (being the price equivalent to 5 per cent. above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date); and

(ii) in the case of Off-Market Purchases of Shares, S$6.5 million based on S$0.139 for each Share (being the price equivalent to 20 per cent. above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date).

2.7.3. **For illustrative purposes only**, on the basis of the assumptions set out above as well as the following:

(i) the Share Buy-Back Mandate had been effective on 1 January 2017;

(ii) the purchase of Shares took place at the beginning of the financial year on 1 January 2017;

(iii) there was no issuance of Shares after the Latest Practicable Date; and

(iv) the Share purchases were funded entirely by internal resources,

the financial effects on the audited financial statements of the Group for the financial year ended 31 December 2017 would have been as follows:

Purchases made entirely out of capital and cancelled

As at 31 December 2017

	Group		
S$'000	**Before Share Buy-Back**	**After Share Buy-Back assuming On-Market Share Buy-Back[6]**	**After Share Buy-Back assuming Off-Market Share Buy-Back[7]**
Shareholders' Funds[1]	83,906	78,217	77,371
Net Assets[2]	83,906	78,217	77,371
Current Assets	137,360	131,671	130,825
Current Liabilities	121,777	121,777	121,777
Total Borrowings	12,037	12,037	12,037
Cash and Cash Equivalents	18,059	12,370	11,524
Profit attributable to Owners of the Company	(14,990)	(14,990)	(14,990)

S$'000	Group Before Share Buy-Back	After Share Buy-Back assuming On-Market Share Buy-Back[6]	After Share Buy-Back assuming Off-Market Share Buy-Back[7]
No. of issued Shares ('000)			
Ordinary Shares	471,915	424,897	424,897
Less : Treasury Shares	(1,735)	(1,735)	(1,735)
Less : Subsidiary holdings	–	–	–
No. of Shares (net of Treasury Shares)	470,180	423,162	423,162
Weighted average number of Shares	470,180	423,162	423,162
Financial Ratios:			
Net Assets per Share (in cents)[3]	17.85	18.48	18.28
Net Gearing (times)[4]	Nil	Nil	0.01
Basic Earnings per Share (in cents)[5]	(3.18)	(3.54)	(3.54)

Notes:

(1) "**Shareholders' Funds**" represents the aggregate amount of share capital, treasury shares, capital reserve, share-based payment reserve, translation reserve and retained earnings.

(2) "**Net assets**" as disclosed above excludes non-controlling interests.

(3) "**Net assets per Share**" equals Shareholders' Funds divided by number of Shares excluding treasury shares and subsidiary holdings.

(4) "**Net Gearing**" equals to total borrowings less cash and cash equivalents divided by Shareholders' Funds.

(5) "**Basic earnings per Share**" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back takes place on 1 January 2017.

(6) Assumes that the Company purchases the 47,017,996 Shares at the maximum price of S$0.121 for one Share, which is 5 per cent. above the Average Closing Price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,017,996 Shares is S$5.7 million.

(7) Assumes that the Company purchases the 47,017,996 Shares at the maximum price of S$0.139 for one Share, which is 20 per cent. above the Average Closing Price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,017,996 Shares is S$6.5 million.

Purchases made entirely out of capital and held as treasury shares

As at 31 December 2017

	Group		
S$'000	**Before Share Buy-Back**	**After Share Buy-Back assuming On-Market Share Buy-Back(6)**	**After Share Buy-Back assuming Off-Market Share Buy-Back(7)**
Shareholders' Funds(1)	83,906	78,217	77,371
Net Assets(2)	83,906	78,217	77,371
Current Assets	137,360	131,671	130,825
Current Liabilities	121,777	121,777	121,777
Total Borrowings	12,037	12,037	12,037
Cash and Cash Equivalents	18,059	12,370	11,524
Profit attributable to Owners of the Company	(14,990)	(14,990)	(14,990)
No. of issued Shares ('000)			
Ordinary Shares	471,915	470,180	470,180
Less : Treasury Shares	(1,735)	47,018	47,018
Less : Subsidiary holdings	–	–	–
No. of issued Shares (net of Treasury Shares)	470,180	423,162	423,162
Weighted average number of Shares	470,180	423,162	423,162
Financial Ratios:			
Net Assets per Share (in cents)(3)	17.85	18.48	18.28
Net Gearing (times)(4)	Nil	Nil	0.1
Basic Earnings per Share (in cents)(5)	(3.18)	(3.54)	(3.54)

Notes:

(1) "**Shareholders' Funds**" represents the aggregate amount of share capital, treasury shares, capital reserve, share-based payment reserve, translation reserve and retained earnings.

(2) "**Net assets**" as disclosed above excludes non-controlling interests.

(3) "**Net assets per Share**" equals Shareholders' Funds divided by number of Shares excluding treasury shares and subsidiary holdings.

(4) "**Net Gearing**" equals to total borrowings less cash and cash equivalents divided by Shareholders' Funds.

(5) "**Basic earnings per Share**" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back takes place on 1 January 2017.

(6) Assumes that the Company purchases the 47,017,996 Shares at the maximum price of S$0.121 for one Share, which is 5 per cent. above the Average Closing Price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,017,996 Shares is S$5.7 million.

(7) Assumes that the Company purchases the 47,017,996 Shares at the maximum price of S$0.139 for one Share, which is 20 per cent. above the Average Closing Price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,017,996 Shares is S$6.5 million.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10 per cent. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

2.8. Taxation. 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.

2.9. Listing Status of the Shares. The Listing Manual requires a listed company to ensure that at least 10 per cent. of the total number of its issued shares (excluding treasury shares, subsidiary holdings, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times. The "public", as defined in the Listing Manual, are the persons other than the Directors, Chief Executive Officer, substantial shareholders or controlling shareholders of a listed company and its subsidiaries, as well as associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, approximately 266,570,446 Shares, representing 56.70 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings), are in the hands of the public. Assuming that (i) the Company purchases its Shares up to the full 10 per cent. limit pursuant to the Share Buy-Back Mandate from the public (as defined in the Listing Rules); and (ii) all Shares purchased by the Company are held as treasury shares, the number of Shares in the hands of the public would be reduced to 219,552,450 Shares, representing 51.88 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10 per cent. limit pursuant to the proposed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through On-Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10. Listing Rules. The Listing Manual restricts a listed company from purchasing shares by way of on-market purchases at a price per share which is more than five per cent. above the "average closing price", being the average of the closing market prices of the shares

over the last five 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-day period. The Maximum Price for a Share in relation to On-Market Purchases referred to in Paragraph 2.3.4(i) above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20 per cent. above the Average Closing Price of a Share as the maximum price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Rules do not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time(s), because a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through On-Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's full-year results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or controlling shareholders (as defined in the Listing Manual) of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

2.11. Reporting Requirements. 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. (i) in the case of a On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) 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 prescribed by the Listing Manual) must include details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the number of subsidiary holdings, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of Shares excluding treasury shares and excluding subsidiary holdings, the number of treasury shares held after the purchase and the number of subsidiary holdings held after the purchase.

2.12. 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 by the Company of its Shares are set out below.

2.12.1. **Obligation to make a Take-over Offer**

Under Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

(a) he acquires 30 per cent. or more of the voting rights of the company; or

(b) he holds between 30 per cent. and 50 per cent. of the voting rights of the company and he increases his voting rights in the company by more than 1 per cent. in any six (6)-month period.

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.12.2. **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert ("**concert parties**") 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 the company.

Unless the contrary is established, the following persons, inter alia, will be presumed under the Take-over Code to be acting in concert, namely:

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

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

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

2.12.3. **Effect of Rule 14 and Appendix 2**

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 Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent. or more, or in the event that such Directors and their concert parties hold between (and including) 30 per cent. and 50 per cent. of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1 per cent. in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder 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 would increase to 30 per cent. or more, or, if such Shareholder holds between (and including) 30 per cent. and 50 per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1 per cent. in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL (THE "SIC") AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

2.12.4. **Shareholding interests of Ms. Wong Yi Jia and parties acting in concert with her**

Ms. Wong Yi Jia is a Non-Executive Director of the Company. As at the Latest Practicable Date, Ms. Wong Yi Jia and parties acting in concert with her, being her mother, Mdm. Lau Leok Yee, and her uncles and aunts, Ms. Hwang Bon Sian, Dr. Wong Seung Tang, Mr. Lau Huan Yeong and Ms. Lau Seik Yee, have an aggregate interest (direct and deemed) in 170,873,410 Shares, representing approximately 36.34 per cent. of the total voting rights of the Company. The shareholdings of Ms. Wong Yi Jia and parties acting in concert with her in the Company as at the Latest Practicable Date are set out on page 17 of this Appendix.

Assuming that there is no change in the number of Shares held or deemed to be held by Ms. Wong Yi Jia and parties acting in concert with her from the Latest Practicable Date, in the event that the Company undertakes Share Buy-Backs of up to 10 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) within any six (6)-month period as permitted by the Share Buy-Back Mandate, the total shareholding interest of Ms. Wong Yi Jia and parties acting in concert with her may be increased by more than 1 per cent. within a period of six (6) months as a result of the Share Buy-Backs undertaken by the Company. As a consequence, Ms. Wong Yi Jia and parties acting in concert with her would prima facie be required to make a general offer for the Shares held by the other Shareholders under Rule 14 of the Take-over Code.

2.12.5. **Conditions for exemption from having to make a take-over offer**

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Ms. Wong Yi Jia and parties acting in concert with her will be exempted from the requirement to make an offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code as a result of the Company purchasing or acquiring the Shares pursuant to the Share Buy-Back Mandate, subject to the following conditions:

(a) this Appendix contains advice to the effect that by voting for the adoption of the Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Ms. Wong Yi Jia and parties acting in concert with her who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1 per cent. in any period of six (6) months, and the names of Ms. Wong Yi Jia and parties acting in concert with her, their voting rights at the time of the resolution relating to the Share Buy-Back Mandate (which is the date of the AGM) and after the proposed Share Buy-Back are disclosed in this Appendix;

(b) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer for the Company as a result of the Share Buy-Back;

(c) Ms. Wong Yi Jia and parties acting in concert with her shall abstain from voting for, and Ms. Wong Yi Jia shall abstain from recommending Shareholders to vote in favour of, the resolution relating to the Share Buy-Back Mandate;

(d) within seven (7) days after the passing of the resolution relating to the Share Buy-Back Mandate, Ms. Wong Yi Jia shall submit to the SIC a duly signed form as prescribed by the SIC; and

(e) Ms. Wong Yi Jia and parties acting in concert with her have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposed adoption of the Share Buy-Back Mandate is imminent and the earlier of:

i. the date on which 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 as authorised by Shareholders at the AGM or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with those purchased or acquired by the Company under the Share Buy-Back Mandate, would cause their aggregate voting rights to increase by more than 1 per cent. in the preceding six (6) months.

As such, if the aggregate voting rights held by Ms. Wong Yi Jia and parties acting in concert with her increase by more than 1 per cent. solely as a result of the purchase or acquisition of Shares by the Company pursuant to the Share

Buy-Back Mandate, and none of them has acquired any Shares during the relevant six (6)-month period, then Ms. Wong Yi Jia and parties acting in concert with her would be eligible for the 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 its Shares and the increase in the aggregate voting rights held by Ms. Wong Yi Jia and parties acting in concert with her as a result of the Share Buy-Back at such time is less than 1 per cent. in any six (6)-month period, Ms. Wong Yi Jia and parties acting in concert with her may acquire further voting shares in the Company. However, any increase in their percentage voting rights as a result of the Share Buy-Back will be taken into account together with any voting shares acquired by Ms. Wong Yi Jia and parties acting in concert with her (by whatever means) in determining whether Ms. Wong Yi Jia and parties acting in concert with her have increased their aggregate voting rights in the Company by more than 1 per cent. in any six (6)-month period.

2.12.6. **Advice to Shareholders**

Shareholders should note that by voting to approve the Share Buy-Back Mandate, they are waiving their right to a take-over offer by Ms. Wong Yi Jia and parties acting in concert with her in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at not less than the highest price (excluding related expenses) paid by Ms. Wong Yi Jia and parties acting in concert with her for any Shares within the preceding six (6) months.

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

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

2.12.7. **Form 2 Submission to the SIC**

Form 2 (Submission by Directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a Director and persons acting in concert with him pursuant to the conditions for exemption (see condition (d) of sub-Paragraph 2.12.5 above headed "Conditions for exemption from having to make a take-over offer") from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share buy-back mandate.

As at the Latest Practicable Date, Ms. Wong Yi Jia has informed the Company that she will be submitting a Form 2 to the SIC within seven (7) days after the passing of the Share Buy-Back Resolution.

2.12.8. **Voting Rights of Ms. Wong Yi Jia and Persons Acting in Concert with her before and after Share Buy-Back**

Based on the shareholdings of Ms. Wong Yi Jia and parties acting in concert with her as at the Latest Practicable Date, and assuming that:

(A) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM); and

(B) no new Shares are issued by the Company between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM), the respective holdings of Shares of Ms. Wong Yi Jia and parties acting in concert with her as at the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM) and after the purchase or acquisition by the Company of 10 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) pursuant to the Share Buy-Back Mandate are as follows:

	Before the Share Buy-Back (as at the date of AGM)		**After the Share Buy-Back**	
	Number of Shares	**% of total issued Shares[(1)]**	**Number of Shares**	**% of total issued Shares[(2)]**
Ms. Wong Yi Jia	–	–	–	–
Mdm. Lau Leok Yee	150,168,610	31.94	150,168,610	35.49
Ms. Hwang Bon Sian	10,172,000	2.16	10,172,000	2.40
Dr. Wong Seung Tang	10,000,000	2.13	10,000,000	2.36
Ms. Lau Seik Yee	531,000	0.11	531,000	0.13
Mr. Lau Huan Yeong	1,800	nm	1,800	nm

Notes:

(1) As a percentage of 470,179,961 Shares (excluding 1,734,650 treasury shares) in issue as at the Latest Practicable Date. There are no subsidiary holdings in the Company.

(2) As a percentage of 423,161,965 Shares (assuming that the Company purchases the maximum number of 47,017,996 Shares under the Share Buy-Back Mandate).

2.13. Particulars of Shares Purchased in the Past Year

The following are details of the purchases or acquisition of Shares made by the Company by way of On-Market Purchases (as defined above) in the 12 months immediately preceding the Latest Practicable Date, pursuant to the Share Buy-Back Mandate approved by the Shareholders at the 2017 AGM:

Date of Purchase/ Acquisition	Total No. of Shares Purchased/ Acquired	Price Paid Per Share	Total Consideration Paid (Including Commission, Brokerage and Goods and Services Tax)
17 October 2017	200,000	S$0.1208	S$ 24,299.61
14 November 2017	494,500	S$0.1230	S$ 61,109.86
24 November 2017	250,000	S$0.1250	S$ 31,430.57
Total	**944,500**	**–**	**S$116,840.04**

All Shares purchased or acquired by the Company during the aforesaid period were held as treasury shares.

3. DIRECTORS' RECOMMENDATION

For the reasons set out in Paragraph 2.2 above, the Directors (other than Ms. Wong Yi Jia) are of the opinion that the Share Buy-Back Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of the Share Buy-Back Resolution at the AGM.

Ms. Wong Yi Jia (in accordance with the conditions referred to in Paragraph 2.12.5(c) above), has abstained from making any recommendation to Shareholders on the Share Buy-Back Resolution.

4. VOTING RESTRICTIONS

In accordance with the conditions referred to in Paragraph 2.12.5(c) above, Ms. Wong Yi Jia and parties acting in concert with her will abstain from voting on the resolution relating to the proposed adoption of the Share Buy-Back Mandate at the AGM. Ms. Wong Yi Jia and parties acting in concert with her shall not accept appointment as proxies for Shareholders to vote on the resolution relating to the proposed adoption of the Share Buy-Back Mandate, unless specific instructions have been given in the Proxy Form(s) on how the votes are to be cast in respect of such resolution.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Buy-Back Mandate, 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.