

APPENDIX DATED 11 APRIL 2016

This Appendix is circulated to the Shareholders (as defined herein) of GMG Global Ltd (the "**Company**") together with the Company's Annual Report 2015. Its purpose is to explain to the Shareholders of the Company the rationale and provide information for the proposed renewal of the IPT Mandate (as defined herein) and the proposed renewal of the Share Buy-Back Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held at Anson III, Level 2 of M Hotel at 81 Anson Road, Singapore 079908 on 28 April 2016 at 9.30 a.m.

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

The Ordinary Resolutions (as defined herein) proposed to be passed in respect of the above matters are set out in the Notice of AGM (as defined herein) enclosed with the Annual Report 2015.

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

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.



GMG GLOBAL LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 199904244E)

APPENDIX IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- (2) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE.**

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DEFINITIONS

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

<i>"AGM"</i>	Annual General Meeting of the Company
<i>"Annual Report"</i>	The Annual Report of the Company
<i>"Appendix 2"</i>	Appendix 2 of the Takeover Code
<i>"Audit Committee"</i>	The audit committee of the Company as at the date of this Appendix
<i>"Board"</i>	The board of directors of the Company as at the date of this Appendix
<i>"CDP"</i>	The Central Depository (Pte) Limited
<i>"Companies Act"</i>	The Companies Act, Chapter 50 of Singapore, as amended or re-enacted from time to time
<i>"Constitution"</i>	The constitution of the Company, as amended or modified from time to time
<i>"Director"</i>	A director of the Company as at the date of this Appendix
<i>"EGM"</i>	Extraordinary General Meeting of the Company
<i>"EPS"</i>	Earnings per Share
<i>"Exchanges"</i>	Shall have the meaning ascribed to it in Paragraph 2.5(a)(i)(C) of this Appendix
<i>"FY2015"</i>	The financial year ended 31 December 2015
<i>"Group"</i>	The Company and its subsidiaries (as defined in Section 5 of the Companies Act)
<i>"Independent Directors"</i>	The Directors who are deemed independent for the purposes of the IPT Mandate, namely Tay Puan Siong, Ong Kian Min and Jeffrey Gondobintoro
<i>"Interested Person"</i>	Shall have the meaning ascribed to it in the Listing Manual as amended from time to time
<i>"Interested Person Transaction"</i>	Shall have the meaning ascribed to it in the Listing Manual as amended from time to time

<i>"Internal Audit Division"</i>	The internal audit division of the Company as at the date of this Appendix
<i>"IPT Mandate"</i>	The general mandate for the purposes of Chapter 9 of the Listing Manual for companies within the Group to enter into Interested Person Transactions provided that such transactions are on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, last approved by Shareholders on 23 April 2015
<i>"Latest Practicable Date"</i>	The latest practicable date prior to the printing of this Appendix being 22 March 2016
<i>"Listed Group"</i>	Shall have the meaning ascribed to it in Paragraph 2.2 of this Appendix
<i>"Listing Manual"</i>	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
<i>"Market Day"</i>	A day on which the SGX-ST is open for trading in securities
<i>"Market Purchase"</i>	Shall have the meaning ascribed to it in Paragraph 3.4(c)(i) of this Appendix
<i>"Notice of AGM"</i>	The notice of the AGM enclosed with the Annual Report
<i>"NTA"</i>	Net tangible assets
<i>"Off-Market Purchase"</i>	Shall have the meaning ascribed to it in Paragraph 3.4(c)(ii) of this Appendix
<i>"Ordinary Resolution"</i>	A resolution proposed and passed as such by a majority consisting more than 50% of the total number of votes cast for and against such resolution at a meeting of Shareholders
<i>"Proxy Form"</i>	The proxy form in respect of the AGM as enclosed together with the Annual Report
<i>"Register of Directors' Shareholdings"</i>	The Register of Directors' shareholdings of the Company
<i>"Remuneration Committee"</i>	The remuneration committee of the Company as at the date of this Appendix
<i>"Rule 14"</i>	Rule 14 of the Takeover Code
<i>"Securities and Futures Act"</i>	The Securities and Futures Act, Chapter 289 of Singapore, as amended or re-enacted from time to time

"Share Buy-Back Guidance Note"	The share buy-back guidance note set out in Appendix 2 of the Takeover Code, as amended, modified, or supplemented from time to time
"Share Buy-Back Mandate"	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares, last approved by the Shareholders of the Company on 23 April 2015
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of the Company
"SIC"	Securities Industry Council
"Sinochem International"	Sinochem International Corporation
"Sinochem Overseas"	Sinochem International (Overseas) Pte. Ltd.
"Sinochem Overseas Group"	Sinochem Overseas and its associates (as defined in the Listing Manual) i.e. any of its subsidiaries, its holding company, any subsidiary of its holding company and any corporation in which Sinochem Overseas and such other company or companies, taken together, have an interest (direct or indirect) in 30% or more of that corporation's equity capital
"Substantial Shareholder"	A person who has an interest directly or indirectly in 5% or more of the total number of Shares
"Takeover Code"	The Singapore Code on Take-overs and Mergers
"\$" and "cents"	Singapore dollars and cents, respectively
"%" or "per cent."	Percentage or per centum

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.

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 and neuter genders. Words importing persons include corporations.

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 and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual, as the case may be, unless otherwise provided.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

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

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

LETTER TO SHAREHOLDERS

GMG GLOBAL LTD

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199904244E)

Board of Directors:

Qin Hengde (Chairman and Non-Executive Director)
Li Xuetao (Chief Executive Officer and Executive Director)
Mou Xiangfeng (Executive Director)
Tay Puan Siong (Independent, Non-Executive Director)
Ong Kian Min (Independent, Non-Executive Director)
Jeffrey Gondobintoro (Non-Executive Director)
Li Dajun (Non-Executive Director)

Registered Office:

8 Marina View
#34-05
Asia Square Tower 1
Singapore 018960

11 April 2016

To: The Shareholders of GMG Global Ltd

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening an AGM to be held at Anson III, Level 2 of M Hotel at 81 Anson Road, Singapore 079908 on 28 April 2016 at 9.30 a.m. to seek Shareholders' approval for:

- (a) the proposed renewal of the IPT Mandate; and
- (b) the proposed renewal of the Share Buy-Back Mandate.

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to the above proposals to be tabled at the AGM and to seek Shareholders' approval for the same.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

At the AGM held on 23 April 2015, approval of the Shareholders was obtained for the renewal of the IPT Mandate to enable the Company, its subsidiaries and associated companies which are considered "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter into certain transactions with the classes of interested persons as set out in the IPT Mandate.

Under Chapter 9 of the Listing Manual, a shareholders' general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate will expire at the AGM to be held on 28 April 2016.

Accordingly, the Directors propose to renew the IPT Mandate at the forthcoming AGM, to take effect until the conclusion of the next following AGM of the Company. The proposed renewal of the IPT Mandate is set out in Ordinary Resolution 9 in the Notice of AGM. If the proposed renewal of the IPT Mandate is approved at the forthcoming AGM, the mandate shall, unless

revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

The Audit Committee (save for Qin Hengde) has confirmed that the IPT Mandate and the procedures for determining the transaction prices of the Interested Persons Transactions have not changed since the last Shareholders' approval for the IPT Mandate at the AGM of the Company held on 23 April 2015.

2.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions between a listed company or any of its subsidiaries or associated companies (which is an entity at risk) and interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with the interested persons that may adversely affect the interests of the listed company or its shareholders.

Under the Listing Manual:

- (a) an **"entity at risk"** means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (**"Listed Group"**), or the Listed Group and its interested person(s), has control over the associated company;
- (b) an **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (c) an **"interested person"** means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder;
- (d) a **"controlling shareholder"** is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company (unless otherwise determined not to be by SGX-ST) or in fact exercises control over a company;
- (e) an **"associate"** in relation to any director, chief executive officer, Substantial Shareholder or controlling shareholder (being an individual) means (i) his immediate family, (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and in relation to a Substantial Shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of

which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

- (f) the term "**control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (g) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and
- (h) a "**transaction**" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.3 Materiality thresholds

When Chapter 9 of the Listing Manual applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement or to make an immediate announcement and seek its shareholders' approval for that transaction.

Save for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk and hence are excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if certain materiality thresholds (which are based on the value of the transaction(s) as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

In particular, an immediate announcement is required where:

- (a) the value of a proposed transaction is equal to or more than 3% of the Listed Group's latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, amounts to 3% or more of the Listed Group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of a proposed transaction is equal to or more than 5% of the Listed Group's latest audited consolidated NTA; or
- (b) the value of a proposed transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the Listed Group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or any transaction that is the subject of aggregation with another transaction that has been previously approved by shareholders.

Based on the latest audited consolidated accounts of the Group for FY2015, the consolidated NTA of the Group was approximately \$736,784,000. For the purposes of Chapter 9 of the Listing Manual, 5% of the latest consolidated NTA of the Group would be approximately \$36,839,200.

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons which are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies, materials and services (but not in respect of the purchase or sale of assets, undertakings or businesses).

2.4 Classes of Interested Persons

The IPT Mandate applies to the Interested Person Transactions which are carried out with Sinochem Overseas Group.

Sinochem Overseas Group

Sinochem Overseas was incorporated in Singapore in 2003. Sinochem Overseas is a wholly-owned subsidiary of Sinochem International, a company incorporated under the laws of China and listed on the Shanghai Stock Exchange.

While Sinochem Overseas is principally engaged in the business of investment holding and of general wholesale trade (including general importers and exporters), Sinochem Overseas Group is principally engaged in the trading of metals and minerals, agriculture, chemicals, and in shipping and logistics businesses. Sinochem Overseas Group also distributes rubber, provides chemical logistics services, provides petrochemical raw materials, engages in the trading and distribution of agricultural and horticultural chemicals, intermediates and/or by-products, imports and distributes chemical fibres and plastic feedstock, and provides dyestuffs and pigments.

Sinochem Overseas is a controlling shareholder of the Company and owns 51% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to Chapter 9 of the Listing Manual, the Interested Persons will comprise Sinochem Overseas Group, each of which are deemed to be Interested Persons that the Group will be transacting with.

2.5 Categories of Interested Person Transactions

The Interested Person Transactions covered by the existing IPT Mandate are set out below:

(a) Supply of natural rubber

The Group may from time to time engage in recurrent transactions of a revenue or trading nature which include the supply of natural rubber to Sinochem Overseas Group pursuant to long-term supply agreements and spot contracts. The terms and conditions of the agreements and spot contracts will be agreed between the Group and Sinochem Overseas Group based on commercial terms transacted on an arm's length basis taking into account the following:

(i) *Long-term supply agreements with the Interested Persons*

Under the long-term supply agreements, the Group will supply the Sinochem Overseas Group and other unrelated Chinese tyre manufacturers with such quantity of natural rubber as Sinochem Overseas Group may request from

time to time and subject to the terms and conditions of the supply agreements entered into between the Group and Sinochem Overseas Group.

For the above, the price under such agreements would be charged on the following bases mainly:

- (A) for shipments with a transit time of one (1) month or lesser, calculated by reference to the monthly average daily settlement price for the month immediately preceding the month of shipment and which is based on prevailing market reference rates;
- (B) for shipments with a transit time of more than one (1) month, calculated by reference to the monthly average daily settlement price for the month immediately preceding the month of arrival of the shipment and which is based on prevailing market reference rates;
- (C) for the purposes of paragraphs (A) and (B) above, the monthly average daily settlement price is computed by dividing the aggregate of the closing settlement prices obtained in a month with the aggregate of working days in that month. The prevailing market reference rates are obtained from various International Commodities and/or Futures Exchanges (including but without limitation the Singapore Commodity Exchange, the Malaysian Rubber Board, the Tokyo Commodity Exchange and the Shanghai Futures Exchange) (the "**Exchanges**"), the cost of freight and the then existing market conditions; and/or
- (D) determined on a cost-plus basis wherein "cost" refers to the cost of raw material which is based on the prevailing market references rates and "plus" refers to the cost of processing raw material into natural rubber, including but not limited to, the cost of labour, chemicals, utilities, transport and other related costs.

(ii) *Spot contracts with the Interested Persons*

The Group will also supply to Sinochem Overseas Group natural rubber pursuant to spot contracts. The quantity of rubber to be supplied pursuant to such spot contracts will be on a case to case basis depending on the availability of supply and the demand therefor. The price in spot contracts may be based on the prevailing market reference rates obtained from the Exchanges, and may also take into consideration other factors including, *inter alia*, the cost of freight and the then existing market conditions.

(b) Purchase of natural rubber

The Group may from time to time engage in recurrent transactions necessary for its day-to-day operations which include the purchase of natural rubber from Sinochem Overseas Group pursuant to spot contracts. The Group only purchases natural rubber from Sinochem Overseas Group in limited circumstances where the Group is required to meet committed orders to its unrelated customers. As such, the total purchase of natural rubber to be made by the Group from Sinochem Overseas Group is insignificant. The costs of the natural rubber accounted for 0% of the Group's cost

of sales for FY2015. The terms and conditions of the spot contracts will be agreed between the Group and Sinochem Overseas Group based on commercial terms transacted on an arm's length basis. The quantity of natural rubber to be purchased pursuant to such spot contracts will be on a case to case basis depending on the availability of supply and the demand therefor. The price in spot contracts may be based on the prevailing market reference rates obtained from the Exchanges, the cost of freight and the then existing market conditions.

(c) Provision or obtaining of products and/or services

This category relates to general transactions in connection with the provision to or obtaining from, Interested Persons of services in the normal course of business of the Group or which are necessary for the day-to-day operations of the Group comprising of the following:

- (i) purchase of raw material, synthetic rubber and/or chemicals from Sinochem Overseas Group;
- (ii) provision to and obtaining from Sinochem Overseas Group marketing, distribution of and co-ordination of distribution services for raw materials and commodities, including but not limited to, natural rubber, synthetic rubber and their by-products; and
- (iii) provision to and obtaining from Sinochem Overseas Group corporate back-office services and supply-chain coordination services,

(collectively, "**General Transactions**").

2.6 Rationale for the IPT Mandate

It is envisaged that in the ordinary course of their business, transactions between members in the Group and the Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the transactions set out in Paragraph 2.5 above.

In view of the time-sensitive nature of these requirements and the frequency of commercial transactions between members in the Group and the Interested Persons, the renewal of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will facilitate business efficacy and enable:

- (a) the Company;
- (b) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than associated companies that are listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control,

or any of them, in the ordinary course of their businesses and in a more expeditious manner, to enter into the categories of Interested Person Transactions as set out in Paragraph 2.5 above with the Interested Persons, provided such Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.7 Benefit to Shareholders

The Group's sales in its European and American markets are expected to be further affected given current market conditions. Based on the Group's latest audited financial statements for FY2015, sales by the Group to its European and American markets comprised 25% and 11% respectively, with an aggregate of 36% of the total sales. The IPT Mandate is aimed to support and contribute to the Group's sales and revenue. The Interested Person Transactions will seek to provide a constant operational cash-flow and business efficacy to the Group.

The renewal of the IPT Mandate will enhance the ability of the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant member in the Group into such Interested Person Transactions within the scope of the IPT Mandate. This will substantially reduce administrative time and expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower, resources and time to be channeled towards attaining other corporate objectives, without compromising current corporate objectives and adversely affecting the business opportunities available to the Company.

2.8 Transactions not covered by the IPT Mandate

The IPT Mandate will not cover any transaction by a member in the Group with an Interested Person that is below \$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2.9 Review Procedures for the Interested Person Transactions

The Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

The Company has in place an internal control system to ensure that Interested Person Transactions are made on commercial terms, and consistent with the Group's prevailing policies and practices. To ensure that Interested Person Transactions are carried out and/or undertaken on commercial terms, and on terms no more or less favourable than those extended to or by unrelated third parties, the following procedures have been implemented:

- (a) Subject to paragraph (c) below, all Interested Person Transactions will be reviewed at least quarterly by the Company's Internal Audit Division together with the Chief Executive Officer of the Company to ensure that prior approval for Interested Person Transactions is only given in circumstances where:
 - (i) in respect of transactions for the supply and the purchase of natural rubber by the Group to and from the Interested Persons (excluding the supply of natural rubber under long-term supply agreements charged on cost-plus basis), the terms are in accordance with industry norms and the Group's usual business

practices and policies, and the prices are at such prevailing rates described in Paragraph 2.5 as at the time of the relevant transaction;

- (ii) in respect of transactions for the supply of natural rubber under long-term supply agreements charged on cost-plus basis, the terms offered are comparable with those offered and no less favourable than the usual commercial terms extended to unrelated third parties for natural rubber or otherwise in accordance with applicable industry norms and at the price as determined in accordance with Paragraph 2.9(b)(i) as at the time of the relevant transaction;
 - (iii) in respect of transactions for the purchase of products (excluding natural rubber) and/or services by the Group from Interested Persons, the terms offered are comparable with those offered and no less favourable than the usual commercial terms extended by unrelated third parties for the same or substantially similar products and/or services or otherwise in accordance with applicable industry norms and at the price as determined in accordance with Paragraph 2.9(b)(ii) as at the time of the relevant transaction; and
 - (iv) in respect of transactions for the supply of products (excluding natural rubber) and/or services by the Group to Interested Persons, the terms are no more favourable to the Interested Persons than the usual commercial terms extended by the Group to unrelated third parties for the same or substantially similar products and/or services or otherwise in accordance with applicable industry norms and at the price as determined in accordance with Paragraph 2.9(b)(ii) as at the time of the relevant transaction.
- (b)
- (i) All contracts entered into or transactions with Interested Persons for the supply of natural rubber under long-term supply agreements charged on cost-plus basis are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party purchasers for natural rubber prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered to the Interested Person are fair and reasonable and comparable to those offered to other unrelated third parties for natural rubber. In determining whether the price and terms offered to the Interested Person are fair and reasonable, factors such as, but not limited to, specification compliance, customer requirements, quantity, volume, consumption and duration of the contract will be taken into account.
 - (ii) All contracts entered into or transactions with Interested Persons described in Paragraph 2.9(a)(iii) and Paragraph 2.9(a)(iv) above are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar products and/or services prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered to or by the Interested Person are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products and/or services. In determining whether the price and terms offered to or by the Interested Person are fair and reasonable, factors such as, but

not limited to, specification compliance, track record, experience and expertise will be taken into account.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar services), the senior management staff (including the Chief Executive Officer and the Chief Financial Officer) of the relevant company in the Group (with no interest, direct or indirect, in the Interested Person Transaction) will determine whether the price and the terms offered to or by the Interested Person are fair and reasonable. In the event that the senior management staff is interested in any Interested Person Transaction (e.g. if the senior management staff has been appointed or nominated by Sinochem International), he will abstain from reviewing whether the price and terms offered to or by the Interested Person are fair and reasonable. Such review of the price and terms of the Interested Person Transaction will accordingly be undertaken by the other senior management staff. As the current Chief Executive Officer, Li Xuetao, was nominated by Sinochem International, he will abstain from reviewing on whether the price and terms offered to or by the Interested Person are fair and reasonable. Accordingly, the Chief Financial Officer (or such other senior management staff who are not deemed to be interested in any Interested Person Transaction) will determine whether the price and the terms offered to or by the Interested Person are fair and reasonable in the event that competitive quotations cannot be obtained.

- (c) In the event that the Chief Executive Officer is deemed to be interested in the Interested Person Transactions, the Audit Committee shall appoint another senior officer of the Company to review the Interested Person Transactions with the Company's Internal Audit Division. As the current Chief Executive Officer, Li Xuetao, was nominated by Sinochem International, the Audit Committee will appoint another senior officer of the Company to review the Interested Person Transactions with the Company's Internal Audit Division. Accordingly, the Chief Financial Officer (or such other senior management staff who are not deemed to be interested in any Interested Person Transaction) will review the Interested Person Transactions with the Company's Internal Audit Division.

All Interested Person Transactions must be consistent with the usual practices and policies of the Group.

2.10 Threshold Limits

In addition to the review procedures described in Paragraph 2.9 above, the following threshold limits ("**Threshold Limits**") have been and will continue to be applied to supplement the internal systems of the Group to ensure that Interested Person Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders as follows:

- (a) Category 1 transaction is one where in relation to:
 - (i) the supply agreements, the transaction with an Interested Person is below or equal to \$10,000,000;
 - (ii) the spot contracts, the transaction with an Interested Person is below or equal to \$5,000,000; and

- (iii) the contracts for General Transactions with an Interested Person is below or equal to \$1,000,000, and
- (b) Category 2 transaction is one where in relation to:
 - (i) the supply agreements, the transaction with an Interested Person is in excess of \$10,000,000;
 - (ii) the spot contracts, the transaction with an Interested Person is in excess of \$5,000,000; and
 - (iii) the contracts for General Transactions with an Interested Person are in excess of \$1,000,000.

Category 1 transactions do not require the prior review and approval of the Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit Committee. Category 2 transactions must be reviewed and approved by the Audit Committee prior to being contracted.

The thresholds of \$10,000,000, \$5,000,000 and \$1,000,000 are set as limits based on a reasonable and practical industry sale volume, the expected total annual production and the expected sale volume of the Group. Having considered the current market prices, the prevailing market conditions and the expected sale volume, the speed and pace of the global marketplace in which the Company conducts its business, the Board is of the opinion that the threshold limits of \$10,000,000, \$5,000,000 and \$1,000,000 reflect the risk control level that is acceptable to the Company.

In the event that a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

2.11 Register of Interested Person Transactions

The Company has maintained and will continue to maintain a register of all transactions carried out with the Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to the amount of the Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis.

The register of Interested Person Transactions shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit Committee and reviewed by internal auditors on a quarterly basis and by external auditors on an annual basis.

2.12 Internal/External Auditors

The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions had been adhered to. Such compliance review will be performed by the internal auditors on a quarterly basis and a quarterly report on such transactions will be forwarded to the Audit Committee.

The internal auditors shall assist the Audit Committee in the review and carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the proposed IPT Mandate. As part of the Company's annual audit, external auditors will be appointed by the Company to review all Interested Person Transactions with an Interested Person on an annual basis. The internal auditors shall report directly to the Audit Committee. The external auditors will review and confirm the Interested Person Transactions under the notes to the financial statements.

2.13 Review by Audit Committee

As mentioned in Paragraph 2.12, the Audit Committee shall review these quarterly internal audit reports on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with.

If during these quarterly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, the Audit Committee will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on the new guidelines and procedures for transactions with the Interested Persons to ensure that the Interested Person Transactions will be conducted on an arm's length basis and on normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

If any member of the Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction. Qin Hengde who is a member of the Audit Committee, was appointed by Sinochem International. As such, Qin Hengde will abstain from making any recommendations and voting as a member of the Audit Committee in connection with the Interested Person Transactions.

2.14 Validity Period of the IPT Mandate

The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the forthcoming AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

2.15 Disclosure of Interested Person Transactions pursuant to the IPT Mandate

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the

financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

The name of interested persons and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)

2.16 Statement of Audit Committee

Having considered, *inter alia*, the rationale for and benefits of the IPT Mandate, the Audit Committee is of the view that the procedures for determining transaction prices under the IPT Mandate are sufficient to ensure that the Interested Person Transactions covered by the IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

3.1 Background and Shareholders' Approval

At the EGM of the Company held on 23 April 2010, the Shareholders of the Company had approved a general and unconditional mandate to enable the Company to purchase or otherwise acquire its issued Shares. The renewal of the Share Buy-Back Mandate was subsequently approved by the Shareholders at the Company's AGMs held on 21 April 2011, 20 April 2012, 29 April 2013, 25 April 2014 and 23 April 2015.

The Share Buy-Back Mandate will expire on the date of the forthcoming AGM to be held on 28 April 2016. The Directors propose that the Share Buy-Back Mandate be renewed at the forthcoming AGM under Ordinary Resolution 10.

The Ordinary Resolution 10, if passed at the AGM, will take effect from the date of the AGM and continue in force until the date on which the next AGM is held or is required by law to be held, 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 general meeting, whichever is earliest.

Any share buy-back has to be made in accordance with, and in the manner prescribed by the Companies Act as may be amended from time to time and the listing rules set out in the Listing Manual and such other laws and regulations as may be applicable from time to time.

3.2 Shares Purchased by the Company in the Previous Twelve Months

The Company did not purchase or acquire any Shares in the 12 months preceding the Latest Practicable Date pursuant to the Share Buy-Back Mandate approved by the Shareholders at the AGM held on 23 April 2015.

3.3 Rationale

The renewal of the Share Buy-Back Mandate will allow the Company the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the EPS and/or NTA per Share.

Share purchases or acquisitions also allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves with a view to enhance the EPS and/or NTA per Share. The Share Buy-Back Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

Shares purchased or acquired by the Company under the Share Buy-Back Mandate and retained as treasury shares are intended to be transferred to employees pursuant to the Company's performance share plan as approved and adopted by the Company at the EGM held on 23 April 2010. The foregoing is dependent on the decision of the Remuneration Committee of the Company and the Board at the appropriate time.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (both as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

3.4 Authority and Limits on the Share Buy-Back Mandate

The authority and limits under the Share Buy-Back Mandate, if renewed at the forthcoming AGM, will be similar in terms to those previously approved by Shareholders at the Company's AGM held on 23 April 2015 and for the benefit of Shareholders, are summarised below:

(a) Maximum Number of Shares

Only Shares which are issued and fully paid up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Buy-Back Mandate will not exceed ten per cent. (10%) of the issued Shares of the Company as at the date of the forthcoming AGM at which the renewal of the Share Buy-Back Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the time period defined in Paragraph 3.4(b) below, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the

Company as altered. Any of the Company's Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit.

As at the Latest Practicable Date, the issued ordinary share capital of the Company (excluding Shares which are held as treasury shares by the Company) comprised 766,019,636 Shares. As at the Latest Practicable Date, the Company is holding 1,565,000 Shares as treasury shares. For illustrative purposes only, on the basis of 766,019,636 Shares (excluding treasury shares) in issue as at the Latest Practicable Date and assuming that no further Shares are issued prior to the AGM, not more than 76,601,963 Shares (representing ten per cent. (10%) of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

(b) Duration of Authority

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

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

(c) Manner of Share Buy-Backs

Share purchases or acquisitions may be made by way of:

- (i) a market purchase transacted on the SGX-ST through the ready market and through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or
- (ii) an off-market purchase under an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual ("**Off-Market Purchase**").

Under the Companies Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all of the following conditions:

- (i) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons must have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers must be the same except that there shall be disregarded:

- (A) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements,
- (B) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
- (C) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which shall contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share purchase;
- (iv) the consequences, if any, of the Share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;
- (v) whether the Share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share purchases made by the Company in the previous twelve (12) months (whether 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
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price per Share (excluding related brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Buy-Back Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Buy-Back Mandate must not exceed:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the

Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 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 the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(e) Status of Purchased Shares under the Share Buy-Back Mandate

Under the Companies Act, a company which acquires its own shares may choose to hold such shares as treasury shares or to cancel them. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

(f) Cancellation of Shares

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (i) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (ii) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (iii) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

For the purposes of this paragraph 3.4(f), the total amount of the purchase price shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST and all rights and privileges attached to those Shares will expire on cancellation. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

(g) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote at or attend meetings 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 number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares 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 any share scheme, whether for its employees, directors or other persons;
- (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.

Where the Company cancels or disposes treasury shares in accordance with this paragraph 3.4(g)(iii), the Company shall lodge with the Accounting & Corporate Regulatory Authority (the "**ACRA**") a prescribed notice of the cancellation or disposal of treasury shares together with the prescribed fee within 30 days after the cancellation or disposal of treasury shares.

Under the Listing Manual, an 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 comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of shares outstanding in a class that is listed before and after the usage and the value of the treasury shares in relation to the usage.

(h) Reporting Requirements

- (i) Within thirty (30) days after the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.
- (ii) The Company shall notify the ACRA within thirty (30) days after a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (A) in the case of a Market Purchase, on the Market Day following the date of purchase or acquisition of any of its shares; and (B) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual.

3.5 Sources of Funds

In buying back Shares, the Company shall only apply funds legally available in accordance with its Constitution and any other applicable laws in Singapore. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The buy-back of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment made by the company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) 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 the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Buy-Back Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any

material adverse effect to the financial position of the Company or the Group.

3.6 Financial Impact

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration 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 amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The impact of purchases or acquisitions under the Share Buy-Back Mandate on NTA and EPS and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

Based on the existing number of Shares of the Company as at the Latest Practicable Date, the proposed Share purchases or acquisitions by the Company of up to a maximum of ten per cent. (10%) of its Shares under the Share Buy-Back Mandate will result in the purchase of up to 76,601,963 Shares.

For illustrative purposes only, in the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Buy-Back Mandate, the Company purchases the maximum number of 76,601,963 Shares at the Maximum Price of \$0.534 per 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 of 76,601,963 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately \$40,905,448.

For illustrative purposes only, in the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Buy-Back Mandate, the Company purchases the maximum number of 76,601,963 Shares at the Maximum Price of \$0.611 per 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 of 76,601,963 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately \$46,803,799.

For illustrative purposes only, and on the basis of the assumptions set out above and the

following:

- (a) the Share Buy-Back Mandate had been effective on 31 December 2015 and 76,601,963 Shares (representing ten per cent. (10%) of the Shares in issue as at the Latest Practicable Date) were purchased and were either (i) cancelled or (ii) held as treasury shares on 31 December 2015; and
- (b) such Share purchase was financed solely by internal resources,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Buy-Back Mandate on the Group and the Company's audited financial statements for the financial year ended 31 December 2015 is set out below:

(a) Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before the Share Buy-Back	After the Share Buy-Back	Before the Share Buy-Back	After the Share Buy-Back
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Funds	715,594	674,689	622,454	581,549
NTA	736,784	695,879	621,899	580,994
Current Assets	231,843	190,938	150,361	109,456
Current Liabilities	183,576	183,576	213,655	213,655
Working Capital	48,267	7,362	(63,294)	(104,199)
Total Borrowings	210,505	210,505	19,676	19,676
Net Profit (loss)	(18,296)	(18,296)	9,492	9,492
Treasury Shares	1,995	1,995	1,995	1,995
Number of Shares	766,019,636	689,417,673	766,019,636	689,417,673
Financial Ratios				
NTA per Share (cents)	96.18	100.94	81.19	84.27
Gearing (%)	29.0	31.0	3.0	3.0
Current Ratio (times)	1.26	1.04	0.70	0.51
Earnings per Share (cents)	(2.39)	(2.65)	1.24	1.38

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

	Group		Company	
	Before the Share Buy-Back	After the Share Buy-Back	Before the Share Buy-Back	After the Share Buy-Back
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Funds	715,594	674,689	622,454	581,549
NTA	736,784	695,879	621,899	580,994
Current Assets	231,843	190,938	150,361	109,456
Current Liabilities	183,576	183,576	213,655	213,655
Working Capital	48,267	7,362	(63,294)	(104,199)
Total Borrowings	210,505	210,505	19,676	19,676
Net Profit (loss)	(18,296)	(18,296)	9,492	9,492
Treasury Shares	1,995	42,900	1,995	42,900
Number of Shares	766,019,636	689,417,673	766,019,636	689,417,673
Financial Ratios				
NTA per Share (cents)	96.18	100.94	81.19	84.27
Gearing (%)	29.0	31.0	3.0	3.0
Current Ratio (times)	1.26	1.04	0.70	0.51
Earnings per Share (cents)	(2.39)	(2.65)	1.24	1.38

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Off-Market Purchases made entirely out of capital and cancelled

	Group		Company	
	Before the Share Buy-Back	After the Share Buy-Back	Before the Share Buy-Back	After the Share Buy-Back
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Funds	715,594	668,790	622,454	575,650
NTA	736,784	689,980	621,899	575,095
Current Assets	231,843	185,039	150,361	103,557
Current Liabilities	183,576	183,576	213,655	213,655
Working Capital	48,267	1,463	(63,294)	(110,098)
Total Borrowings	210,505	210,505	19,676	19,676
Net Profit (loss)	(18,296)	(18,296)	9,492	9,492
Treasury Shares	1,995	1,995	1,995	1,995
Number of Shares	766,019,636	689,417,673	766,019,636	689,417,673
<i>Financial Ratios</i>				
NTA per Share (cents)	96.18	100.80	81.19	83.42
Gearing (%)	29.0	31.0	3.0	3.0
Current Ratio (times)	1.26	1.01	0.70	0.48
Earnings per Share (cents)	(2.39)	(2.65)	1.24	1.38

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(c) Off-Market Purchases made entirely out of capital and held as treasury shares

	Group		Company	
	Before the Share Buy-Back	After the Share Buy-Back	Before the Share Buy-Back	After the Share Buy-Back
As at 31 December 2015	S\$'000	S\$'000	S\$'000	S\$'000
Shareholders' Funds	715,594	668,790	622,454	575,650
NTA	736,784	689,980	621,899	575,095
Current Assets	231,843	185,039	150,361	103,557
Current Liabilities	183,576	183,576	213,655	213,655
Working Capital	48,267	1,463	(63,294)	(110,098)
Total Borrowings	210,505	210,505	19,676	19,676
Net Profit (loss)	(18,296)	(18,296)	9,492	9,492
Treasury Shares	1,995	48,799	1,995	48,799
Number of Shares	766,019,636	689,417,673	766,019,636	689,417,673
<i>Financial Ratios</i>				
NTA per Share (cents)	96.18	100.80	81.19	83.42
Gearing (%)	29.0	31.0	3.0	3.0
Current Ratio (times)	1.26	1.01	0.70	0.48
Earnings per Share (cents)	(2.39)	(2.65)	1.24	1.38

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited accounts of the Company and the Group for the financial year ended 31 December 2015, and are not necessarily representative of the future financial performance of the Company or the Group.

Although the Share Buy-Back Mandate would authorise the Company to buy back up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back the entire ten per cent. (10%) of the issued Shares, nor

to such an extent that would materially and adversely affect the financial position of the Company or the Group.

Share buy-backs will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position, availability of financial resources and working capital requirements) and non-financial factors (such as share market conditions, funding arrangements, expansion and investment plans of the Group and the performance of the Shares). The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

3.7 Taxation

Shareholders who are in doubt as to their respective tax positions or tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.8 Insider Trading

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy-Back Mandate at any time after any matter of a price sensitive nature has occurred or has been the subject of a consideration and/or decision of the Directors until such price sensitive information has been publicly announced. In addition, in line with the best practices guide on securities dealings in the Listing Manual, the Company will not purchase or acquire any Shares during the period of:

- (a) two (2) weeks immediately preceding, and including the date of, the announcement of the Company's results for each of the first three (3) quarters of its financial year; and
- (b) one (1) month immediately preceding, and including the date of, the announcement of the Company's results for the financial year.

3.9 Listing Status

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of its Shares is at all times held in the hands of the public. The "public", as defined under the Listing Manual, are persons other than (a) the Directors, chief executive officer and Substantial Shareholders, or controlling shareholders of the Company and its subsidiaries, and (b) the associates of such persons named in (a).

As at the Latest Practicable Date, there are 280,135,364 Shares in the hands of the public, representing approximately 36.57% of the issued Shares of the Company. Assuming that the Company purchases its Shares up to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate, the number of Shares in the hands of the public would be reduced to 203,533,401 Shares, representing approximately 29.52% of the issued Shares (excluding treasury shares) of the Company. As such, the Company will continue to remain in compliance with Rule 723 of the Listing Manual even if the Company purchases its Shares up to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate.

In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

- (a) affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) affect the orderly trading of the Shares.

3.10 Implications under the Takeover Code

Appendix 2 contains the Share Buy-Back Guidance Note. The takeover implications arising from any purchase or acquisition by the Company of its Shares are set out below:

- (a) The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14. Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.
- (b) Under the Takeover 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 control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:
 - (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and 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;
 - (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
 - (iii) a company with any of its pension funds and employee share schemes;
 - (iv) 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;
 - (v) a financial or other professional adviser, with its client 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 shareholdings 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;

- (vi) 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 they have reason to believe a bona fide offer for their company may be imminent;
 - (vii) partners; and
 - (viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions of the individual, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (c) The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2.
- (d) In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, a company with any of its directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such company with any of its directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such company with any of its 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 company with any of its directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.
- (e) Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a general 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 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 authorizing the proposed renewal of the Share Buy-Back Mandate, unless so required under the Companies Act.

Based on the shareholdings in the Company as at the Latest Practicable Date, none of the Directors will become obliged to make a mandatory offer by reason only of the purchase by the Company of the maximum limit of ten per cent. (10%) of the issued Shares pursuant to the Share Buy-Back Mandate.

The Directors are not aware of any fact(s) or factor(s) 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 should or ought to be consolidated, and consequences under the Takeover Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over 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, the SIC and/or other relevant authorities at the earliest opportunity.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Directors' interests in the capital of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, are as follows:

Before the Share Purchase							After the Share Purchase
	Direct Interest		Deemed/Indirect Interest		Total Percentage Interest		Total Percentage Interest
Directors	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	% (*)
Qin Hengde	0	0	0	0	0	0	0
Li Xuetao	0	0	0	0	0	0	0
Mou Xiangfeng	0	0	0	0	0	0	0
Tay Puan Siong	400,000	0.05	0	0	400,000	0.05	0.06
Ong Kian Min ⁽³⁾	400,000	0.05	0	0	400,000	0.05	0.06
Jeffrey Gondobintoro ⁽²⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	685,355	0.09	90,564,189	11.82	91,249,544	11.91	13.24
Li Dajun	0	0	0	0	0	0	0

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As at the Latest Practicable Date, the interests of the Substantial Shareholders in the capital of the Company as recorded in the Register of Substantial Shareholders maintained pursuant to Section 137C of the Securities and Futures Act are as follows:

Before the Share Purchase							After the Share Purchase
Substantial Shareholders	Direct Interest		Deemed/Indirect Interest		Total Percentage Interest		Total Percentage Interest
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	% (*)
Sinochem International (Overseas) Pte. Ltd. ⁽⁴⁾	391,593,237	51.12	0	0	391,593,237	51.12	56.80
Sinochem International Corporation ⁽⁴⁾	0	0	391,593,237	51.12	391,593,237	51.12	56.80
Estate of Joseph Gondobintoro, Deceased ⁽⁵⁾	5	0	93,491,030	12.20	93,491,035	12.20	13.56
Jeffrey Gondobintoro ⁽²⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	685,355	0.09	90,564,189	11.82	91,249,544	11.91	13.24
Yudson Gondobintoro ⁽⁵⁾⁽⁶⁾⁽⁷⁾	1,320,743	0.17	90,564,189	11.82	91,884,932	11.99	13.33
Mieke Bintati Gondobintoro ⁽⁵⁾⁽⁶⁾⁽⁷⁾	920,743	0.12	90,564,189	11.82	91,484,932	11.94	13.27
GMG Holding (H.K.) Ltd ⁽⁵⁾⁽⁶⁾⁽⁷⁾	78,133,906	10.20	0	0	78,133,906	10.20	11.33

Notes:

- (1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date, comprising 766,019,636 Shares (excluding treasury shares).
 - (2) 685,355 Shares of Jeffrey Gondobintoro are held through Citibank Nominees Singapore Pte Ltd as bare trustee.
 - (3) All the Shares held by Ong Kian Min are held through Bank of Singapore Nominees Pte. Ltd. as bare trustee.
 - (4) Sinochem International Corporation is deemed interested in 391,593,237 Shares, directly held by Sinochem International (Overseas) Pte. Ltd..
 - (5) The Estate of Joseph Gondobintoro, deceased, is deemed interested in all the Shares, direct and deemed, held by Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro.
 - (6) Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro are deemed interested in 12,430,283 Shares directly held by Panwell (Pte) Ltd.
 - (7) Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro are deemed interested in 78,133,906 Shares directly held by GMG Holding (H.K.) Ltd.
- * As a percentage of the issued share capital of the Company, comprising 689,417,673 (excluding 1,565,000 treasury shares, and assuming that the Company purchases and cancels the maximum number of 76,601,963 Shares under the Share Buy-Back Mandate).

5. DIRECTORS' RECOMMENDATION

5.1 The Proposed Renewal of the IPT Mandate

The Independent Directors, having considered, *inter alia*, the terms, the rationale and the benefits of the IPT Mandate, are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the IPT Mandate at the forthcoming AGM.

5.2 The Proposed Renewal of the Share Buy-Back Mandate

The Directors, having considered, *inter alia*, the terms, the rationale and the benefits of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The forthcoming AGM, notice of which is circulated together with the Annual Report for FY2015 and this Appendix, will be held at Anson III, Level 2 of M Hotel at 81 Anson Road, Singapore 079908 on 28 April 2016 at 9.30 a.m. for the purpose of, *inter alia*, considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions set out in the said notice.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 8 Marina View, #34-05, Asia Square Tower 1, Singapore 018960 not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

8. ABSTINENCE FROM VOTING AND/OR MAKING RECOMMENDATIONS

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Sinochem Overseas Group shall abstain, and have undertaken to ensure that their associates shall abstain, from voting on their shareholdings (if any) in respect of Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate. Furthermore, Sinochem Overseas Group and their associates shall not act as proxies in relation to Ordinary Resolution 9 unless specific instructions as to voting have been given by the Shareholder.

The Directors of the Company, Qin Hengde, Li Xuetao, Mou Xiangfeng and Li Dajun were appointed by Sinochem International and have abstained from making any recommendations in respect of the IPT Mandate. Qin Hengde is also a member of the Audit Committee. As such, he will abstain from making any recommendations and voting as a member of the Audit Committee in connection with the IPT Mandate.

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Constitution of the Company; and
- (b) the financial statements of the Company for FY2015.

Yours faithfully,
For and on behalf
of the Board of Directors of
GMG GLOBAL LTD

Li Xuetao
Executive Director and
Chief Executive Officer