

CIRCULAR DATED 12 APRIL 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your shares in the capital of First Resources Limited (the "**Company**"), you should immediately forward this Circular together with the Notice of AGM and Proxy Form attached to the Annual Report 2015 of the Company to the purchaser or the transferee, or to the bank, stockbroker or agent through which the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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



FIRST RESOURCES LIMITED
(Company Registration No. 200415931M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 April 2016 at 2.30 p.m.
Date and time of Annual General Meeting	:	27 April 2016 at 2.30 p.m.
Place of Annual General Meeting	:	Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Level 3, Room 330, Suntec City, Singapore 039593

This Circular is issued to you together with the Annual Report 2015 of the Company. The resolution proposed to be passed in relation to the above matter is set out in the Notice of AGM attached to the Annual Report 2015.

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DEFINITIONS

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

"AGM"	: The annual general meeting of the Company.
"Average Closing Price"	: Shall have the meaning ascribed to it in paragraph 2.3.4 of this Circular.
"Board"	: The board of Directors of the Company.
"CDP"	: The Central Depository (Pte) Limited.
"Companies Act"	: The Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time.
"Company"	: First Resources Limited, a company incorporated in the Republic of Singapore.
"concert parties"	: Shall have the meaning ascribed to it in paragraph 2.10.2 of this Circular.
"Constitution"	: The Constitution of the Company.
"day of the making of the offer"	: Shall have the meaning ascribed to it in paragraph 2.3.4 of this Circular.
"Directors"	: The directors of the Company for the time being.
"EPS"	: Earnings per Share.
"Group"	: The Company and its subsidiaries.
"Highest Last Dealt Price"	: Shall have the meaning ascribed to it in paragraph 2.3.4 of this Circular.
"Latest Practicable Date"	: 14 March 2016 being the latest practicable date prior to the printing of this Circular.
"Listing Manual"	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Listing Rules"	: The listing rules of the SGX-ST set out in the Listing Manual.
"Market Day"	: A day on which the SGX-ST is open for trading in securities.
"Market Purchase"	: Shall have the meaning ascribed to it in paragraph 2.3.3(a) of this Circular.
"Maximum Price"	: Shall have the meaning ascribed to it in paragraph 2.3.4 of this Circular.
"NAV"	: Net asset value.
"Off-Market Purchase"	: Shall have the meaning ascribed to it in paragraph 2.3.3(b) of this Circular.
"Registrar"	: The Accounting and Corporate Regulatory Authority of Singapore.
"related expenses"	: Shall have the meaning ascribed to it in paragraph 2.3.4 of this Circular.

"Relevant Period"	: The period commencing from the date on which the resolution relating to the Share Purchase Mandate is passed; and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier.
"Securities Account"	: Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent.
"SGX-ST"	: Singapore Exchange Securities Trading Limited.
"Share Plans"	: The First Resources Share Option Scheme and the First Resources Performance Share Plan.
"Share Purchase Mandate"	: General and unconditional mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual.
"Shareholders"	: Registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose Securities Accounts are credited with Shares.
"Shares"	: Ordinary shares in the capital of the Company.
"SIC"	: Securities Industry Council.
"Substantial Shareholder"	: A person who has an interest in not less than five (5) per cent. of the issued voting shares of the Company.
"Take-over Code"	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time.
"S\$"	: Singapore dollars.
"US\$" and "US cents"	: United States dollars and cents, respectively.
"%" or "per cent."	: Per centum or percentage.

The terms "**depositor**" and "**depository agent**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

The terms "**associate**", "**associated company**" and "**controlling shareholder**" shall have the meanings ascribed to them in the Listing Manual.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Take-over Code and Listing Rules) contained in this Circular are of such laws and regulations (including the Take-over Code and Listing Rules) as at the Latest Practicable Date.

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

Any discrepancies in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

FIRST RESOURCES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200415931M)

Directors:

Lim Ming Seong (Chairman and Independent Director)
Ciliandra Fangiono (Executive Director and Chief Executive Officer)
Fang Zhixiang (Executive Director and Deputy Chief Executive Officer)
Teng Cheong Kwee (Independent Director)
Ong Beng Kee (Independent Director)
Hee Theng Fong (Independent Director)
Ng Shin Ein (Independent Director)
Tan Seow Kheng (Non-Executive Non-Independent Director)

Registered Office:

8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988

12 April 2016

To: The Shareholders of First Resources Limited

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Dear Sir/Madam

1. INTRODUCTION

- 1.1 **AGM.** The Directors refer to the Notice of AGM dated 12 April 2016 issued by the Company and Ordinary Resolution 10 therein in relation to the renewal of the Share Purchase Mandate to be tabled at the AGM.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the above proposal and to seek Shareholders' approval for such proposal at the AGM.
- 1.3 **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 **The Proposed Renewal of the Share Purchase Mandate.** At the AGM of the Company held on 28 April 2015 (the "**2015 AGM**"), the Company obtained Shareholders' approval for the renewal of the Share Purchase Mandate. The rationale for, the authority and limitations on and the financial effects of the Share Purchase Mandate were set out in the Circular dated 13 April 2015 and Ordinary Resolution 11 set out in the Notice of the 2015 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 11 at the 2015 AGM and will expire on the date of the forthcoming AGM of the Company (the "**2016 AGM**") to be held on 27 April 2016. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2016 AGM. As at the Latest Practicable Date, the Company has not purchased any Shares pursuant to the Share Purchase Mandate renewed at the 2015 AGM.

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, approval is now being sought from Shareholders at the 2016 AGM for the renewal of the Share Purchase Mandate. An ordinary resolution will be proposed, pursuant to which the Share Purchase Mandate will be given to the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Purchase Mandate.

2.2 **Rationale for Share Purchase Mandate.** The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the ten (10) per cent. limit described in paragraph 2.3.1 below at any time, during the period when the Share Purchase Mandate is in force.

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

- (a) Share purchase is an expedient, effective and cost-efficient way for the Company to return surplus funds in excess of the requirements of the Group to Shareholders.
- (b) Share purchase is one of the ways through which the return on equity of the Group may be enhanced.
- (c) Share purchases may help buffer short-term market volatility and offset the effects of short-term price speculation in the Shares.
- (d) The Company has two (2) share based incentive schemes for its employees, namely, the First Resources Share Option Scheme and the First Resources Performance Share Plan. In both cases, subject to prevailing legislation, the Constitution and the Listing Rules, the Company will have the flexibility to deliver Shares to participants under the Share Plans who have exercised their Share options or whose Share awards have vested, as the case may be, by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment, and/or the transfer of existing Shares (whether held as treasury shares or otherwise). Shares bought back under the Share Purchase Mandate can be held by the Company as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the Share Plans, thus giving the Company greater flexibility to select the method of providing Shares to such participants which is most beneficial to the Company and its Shareholders. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact of the Share Plans on existing Shareholders.
- (e) The Share Purchase Mandate will provide the Company with greater flexibility over, *inter alia*, the Company's capital structure, dividend policy and cash reserves by undertaking share repurchases at any time, subject to market conditions, during the Relevant Period.

While the Share Purchase Mandate would authorise purchases or acquisitions of Shares up to the said ten (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 Purchase Mandate may not be carried out to the full ten (10) per cent. limit as authorised. The purchases or acquisitions of Shares pursuant to the Share Purchase 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 and/or liquidity of the Company or the Group and/or the orderly trading of the Shares.

2.3 **Authority and Limits on the Share Purchase Mandate.** The authority and limits placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase 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 pursuant to the Share Purchase Mandate during the Relevant Period is limited to that number of Shares representing not more than ten (10) per cent. of the total number of issued Shares (excluding treasury shares) (ascertained as at the date of the last AGM at which the Share Purchase Mandate was approved), unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares (excluding treasury shares) shall be taken to be the total number of issued Shares (excluding treasury shares) as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten (10) per cent. limit.

For illustrative purposes only, on the basis of 1,584,072,969 Shares in issue excluding treasury shares as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 158,407,296 Shares (representing ten (10) per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate during the period referred to in paragraph 2.3.2 below.

2.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the AGM at which the resolution relating to the Share Purchase Mandate is passed, up to:

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

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate may be renewed at the next AGM. When seeking the approval of the Shareholders for the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

The Company may purchase or acquire its Shares by way of:

- (a) an on-market purchase ("**Market Purchase**") transacted on the SGX-ST, which may be transacted through one or more duly licensed stock brokers appointed by the Company for this purpose; and/or
- (b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules, the Companies Act and the Constitution as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An Off-Market Purchase must, however, satisfy all of the following conditions:

- (i) 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;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

- (iii) 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 the offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the 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.

Pursuant to the Listing Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed purchase or acquisition of Shares;
- (D) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (E) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any purchases or acquisitions of Shares 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 of Shares, 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 **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses (the "**related expenses**")) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate.

However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:

- (a) in the case of a Market Purchase, one hundred and five (105) per cent. of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty (120) per cent. of the Highest Last Dealt Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding any 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) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

2.5 **Treasury Shares.** Under the Companies Act, 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 ten (10) per cent. of the total number of issued Shares.

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. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is 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:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.6 **Reporting Requirements.** Within thirty (30) days of the passing of a resolution to approve the purchases of Shares by the Company, the Board shall lodge a copy of such resolution with the Registrar.

The Board shall notify the Registrar within thirty (30) days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchases including 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 as at the date of the resolution approving the purchase of the Shares and after the purchase of Shares, the source of funds for the acquisition of the Shares and the amount of consideration paid by the Company for the purchases, and such other information as required by the Companies Act.

The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

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

2.7 Source of Funds. In buying back Shares, the Company shall only apply funds legally available in accordance with its Constitution, and the applicable laws in Singapore.

The Company may not buy back its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST respectively.

The Companies Act, subject to the Constitution, permits the Company to purchase its own Shares out of capital, as well as from its distributable profits, provided that at the date of payment with respect to the purchase of its own Shares:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if (i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or (ii) if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of 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 purchase of its own Shares become less than the value of its liabilities (including contingent liabilities).

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

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Purchase Mandate.

- 2.8 **Financial Effects.** It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NAV and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total number of issued Shares and total issued share capital will be diminished by the total number of Shares purchased by the Company and cancelled. The NAV of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. 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 related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. For the purposes of the proposed Share Purchase Mandate, it is intended that purchases or acquisitions of Shares by the Company, if any, will be made out of the Company's capital, and the Company has assumed the foregoing in preparing the financial effects illustrated below.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after the Board has considered relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view to enhancing the NAV per Share and/or the EPS of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2015, are based on the assumptions set out below:

- (a) based on 1,584,072,969 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, not more than 158,407,296 Shares (representing ten (10) per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 158,407,296 Shares at the Maximum Price of S\$2.02 for one (1) Share (being the price equivalent to five (5) per cent. above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 158,407,296 Shares (excluding related expenses) is approximately S\$319,982,738; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 158,407,296 Shares at the Maximum Price of S\$2.38 for one (1) Share (being the price equivalent to twenty (20) per cent. above the Highest Last Dealt Price of the Shares as recorded on the Market Day on which Shares were traded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 158,407,296 Shares (excluding related expenses) is approximately S\$377,009,364.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 1 January 2015; and (iii) the Company had purchased or acquired 158,407,296 Shares (representing ten (10) per cent. of the issued Shares (excluding treasury shares) as at the Latest Practicable Date), the financial effects of the purchase or acquisition of such number of Shares:

- (i) made entirely out of capital and held as treasury shares; and
- (ii) made entirely out of capital and cancelled;

or as summarised for ease of reference in the following table:

Scenario	Purchased out of:	Type of purchase	Held as Treasury Shares or Cancelled	Maximum Price per Share (S\$)
1(A)	Capital	Market Purchase	Held as treasury shares	2.02
1(B)	Capital	Off-Market Purchase	Held as treasury shares	2.38
2(A)	Capital	Market Purchase	Cancelled	2.02
2(B)	Capital	Off-Market Purchase	Cancelled	2.38

on the audited financial accounts of the Group for the financial year ended 31 December 2015, are set out below:

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

	Per Consolidated Financial Statements as at 31 December 2015 US\$'000	Pro-forma Financial Effects as at 31 December 2015 for the following scenarios as described above	
		1(A) Market Purchase US\$'000	1(B) Off-Market Purchase US\$'000
Share capital	394,913	394,913	394,913
Treasury shares	-	(233,122)	(274,668)
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	35,016
Other reserves	(532,116)	(532,116)	(532,116)
Retained earnings	1,097,570	1,097,570	1,097,570
Share capital and reserves	995,383	762,261	720,715
Non-controlling interests	50,033	50,033	50,033
Total Equity	1,045,416	812,294	770,748
Cash and bank balances	205,416	(27,706)	(69,252)
Current Assets	360,338	127,216	85,670
Current Liabilities	91,345	91,345	91,345
Number of Shares ⁽¹⁾	1,584,072,969	1,425,665,673	1,425,665,673
Financial Ratios			
NAV per Share (US\$)	0.63	0.53	0.51
Current ratio (times)	3.94	1.39	0.94
Basic EPS (US cents)	6.81	7.57	7.57

Note:

(1) Number of issued Shares excluding treasury shares

(2) Purchases made entirely out of capital and cancelled

	Per Consolidated Financial Statements as at 31 December 2015 US\$'000	Pro-forma Financial Effects as at 31 December 2015 for the following scenarios as described above	
		2(A) Market Purchase US\$'000	2(B) Off-Market Purchase US\$'000
Share capital	394,913	161,791	120,245
Treasury shares	-	-	-
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	35,016
Other reserves	(532,116)	(532,116)	(532,116)
Retained earnings	1,097,570	1,097,570	1,097,570
Share capital and reserves	995,383	762,261	720,715
Non-controlling interests	50,033	50,033	50,033
Total Equity	1,045,416	812,294	770,748
Cash and bank balances	205,416	(27,706)	(69,252)
Current Assets	360,338	127,216	85,670
Current Liabilities	91,345	91,345	91,345
Number of Shares ⁽¹⁾	1,584,072,969	1,425,665,673	1,425,665,673
Financial Ratios			
NAV per Share (US\$)	0.63	0.53	0.51
Current ratio (times)	3.94	1.39	0.94
Basic EPS (US cents)	6.81	7.57	7.57

Note:

(1) Number of issued Shares excluding treasury shares

Shareholders should note that the financial effects set out above are purely for illustrative purposes only based on the abovementioned assumptions. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to ten (10) per cent. of the total number of issued Shares (excluding treasury shares) as determined in accordance with the applicable provisions of the Companies Act, the Company may not necessarily purchase or be able to purchase the entire 10 per cent. of the total number of its issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

- 2.9 **Taxation.** Shareholders who are in doubt as to their respective tax positions or the tax implications of purchases or acquisitions of Shares by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.
- 2.10 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 **Obligation to make a Take-over Offer**

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. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or a group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.10.2 **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 will, *inter alia*, be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its 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 (10) per cent. or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and/or entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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

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

2.10.3 **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 thirty (30) per cent. or more, or in the event that such Directors and their concert parties hold between thirty (30) per cent. and fifty (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 one (1) per cent. in any period of six (6) months.

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 thirty (30) per cent. or more, or, if such Shareholder holds between thirty (30) per cent. and fifty (50) per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than one (1) per cent. in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

Based on the interests of the Substantial Shareholders recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the acquisition or purchase by the Company up to the maximum limit of ten (10) per cent. of its issued Shares as at the Latest Practicable Date.

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 SIC and/or their professional advisers at the earliest opportunity.

2.11 **Listing Rules.** While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, 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 any Shares pursuant to the Share Purchase Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such 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 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 quarterly results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten (10) per cent. of its Shares (excluding treasury shares) 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 of the Company or its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, 495,104,839 Shares, representing approximately 31.26 per cent. of the 1,584,072,969 issued Shares (excluding treasury shares), are in the hands of the public (as defined in the Listing Rules). Assuming that the Company purchases its Shares from the public up to the full ten (10) per cent. limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public not taking into account treasury shares would be reduced to 336,697,543 Shares, representing approximately 23.62 per cent. of the reduced total number of issued Shares (excluding treasury shares). 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 ten (10) per cent. limit pursuant to the proposed Share Purchase 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 Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, 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. Any purchases or acquisitions of Shares will not be carried out if it will adversely affect the financial condition of the Company.

- 2.12 **Previous Share Purchases.** The Company has not purchased any Shares during the twelve (12) month period preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 3.1 **Directors' Interests.** Based on information in the Register of Directors' Shareholdings maintained by the Company pursuant to Section 173(1) of the Companies Act, as at the Latest Practicable Date, the direct and deemed interests and voting rights of the Directors before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (a) the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares; and (b) there is no change in the number of Shares held by the Directors or which they are deemed interested in, will be as follows:

Directors	Before Share Purchase (Number of Shares)			Before Share Purchase	After Share Purchase
	Direct Interest	Deemed Interest	Total Interest	%	%
Lim Ming Seong	100,000	-	100,000	0.006	0.007
Ciliandra Fangiono	-	-	-	-	-
Fang Zhixiang	-	-	-	-	-
Teng Cheong Kwee	-	-	-	-	-
Ong Beng Kee	-	-	-	-	-
Hee Theng Fong	-	-	-	-	-
Ng Shin Ein	38,000	-	38,000	0.002	0.003
Tan Seow Kheng	30,000	-	30,000	0.002	0.002

3.2 **Substantial Shareholders' Interests.** Based on information in the Register of Substantial Shareholders maintained by the Company pursuant to Section 88 of the Companies Act, as at the Latest Practicable Date, the direct and deemed interests and voting rights of the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (a) the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares; and (b) there is no change in the number of Shares held by the Substantial Shareholders or which they are deemed interested in, will be as follows:

Substantial Shareholders	Before Share Purchase (Number of Shares)			Before Share Purchase	After Share Purchase
	Direct Interest	Deemed Interest	Total Interest	%	%
Eight Capital Inc.	1,000,800,130	-	1,000,800,130	63.18	70.20
Eight Capital Trustees Pte Ltd ⁽¹⁾	-	1,000,800,130	1,000,800,130	63.18	70.20
Equity Trust (Jersey) Ltd ⁽²⁾	-	1,000,800,130	1,000,800,130	63.18	70.20
Infinite Capital Fund Limited	88,000,000	-	88,000,000	5.56	6.17
King Fortune International Inc. ⁽³⁾	-	88,000,000	88,000,000	5.56	6.17
DB International Trust (Singapore) Limited ⁽⁴⁾	-	88,000,000	88,000,000	5.56	6.17

Notes:

- (1) Eight Capital Trustees Pte Ltd (“**ECTPL**”) holds the entire share capital of Eight Capital Inc. (“**Eight Capital**”) as trustee of the Eight Capital Trust (the “**Trust**”), which is a discretionary family trust, and subject to the terms of the Trust. Eight Capital is the investment holding vehicle of the Trust and ECTPL is deemed interested in the shares held by Eight Capital.
- (2) Equity Trust (Jersey) Ltd is the trustee of Eight Cap Purpose Trust (the “**Purpose Trust**”). Pursuant to the Purpose Trust, Equity Trust (Jersey) Ltd is the sole shareholder of ECTPL and it is therefore deemed interested in the shares held by Eight Capital.
- (3) King Fortune International Inc. (“**King Fortune**”) holds the entire issued and paid-up share capital of Infinite Capital Fund Limited and is deemed to be interested in the shares held by Infinite Capital Fund Limited.
- (4) DB International Trust (Singapore) Limited (the “**Trustee**”) is the sole shareholder of King Fortune and the trustee of the King Fortune Trust, a discretionary family trust. The shares held indirectly by King Fortune are property that is subject to the King Fortune Trust. Distribution of the income and capital of the King Fortune Trust to the beneficiaries of the King Fortune Trust are at the discretion of the Trustee.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed Share Purchase Mandate as set out in the Notice of AGM.

5. 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 in the Annual Report 2015 in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988 not later than 2.30 p.m. on 25 April 2016. 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.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the renewal of the Share Purchase 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 Circular misleading.

Where information contained in this Circular 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 these sources and/or reproduced in the Circular in its proper form and context.

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Constitution may be inspected at the registered office of the Company at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988 during normal business hours from the date of this Circular up to and including the date of the AGM.

Yours faithfully
For and on behalf of the Board of
FIRST RESOURCES LIMITED

LIM MING SEONG
Chairman and Independent Director

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