

APPENDIX DATED 7 April 2015

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

This Appendix is issued by OEL (Holdings) Limited (the “Company”). If you are in any doubt about this Appendix, or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand 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.

This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Appendix, including the correctness of any of the figures used, statements or opinions made. The contact person for the Sponsor is Mr Tan Chong Huat, Registered Professional (Contact No. 63816757).

OEL (Holdings) Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198403368H)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	21 April 2015 at 3.00 p.m.
Date and time of Annual General Meeting	:	23 April 2015 at 3.00 p.m.
Place of Annual General Meeting	:	No. 8 Aljunied Ave 3 Oakwell Building Singapore 389933

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DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:-

<i>“ACRA”</i>	The Accounting and Corporate Regulatory Authority of Singapore
<i>“Act”</i>	The Company Act, Chapter 50 of Singapore, as may be amended, supplemented or modified from time to time
<i>“AGM”</i>	The annual general meeting of the Company to be convened and held on 23 April 2015 at 3.00 pm at No. 8 Aljunied Ave 3, Oakwell Building, Singapore 389933
<i>“Appendix”</i>	This appendix to the Notice of AGM dated 7 April 2015
<i>“Articles”</i>	The articles of association of the Company, as may be amended, supplemented or modified from time to time
<i>“Associate”</i>	<p>(a) In relation to any Director, the chief executive officer of the Company, Substantial Shareholder or a Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none">(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 <p>(b) In relation to a Substantial Shareholder or a 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</p>
<i>“Associated Company(ies)”</i>	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or the Group
<i>“Board”</i>	The board of Directors of the Company
<i>“Business Day”</i>	A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks are open for business in Singapore
<i>“Catalist”</i>	The Catalist Board of the SGX-ST
<i>“CDP” or “Depository”</i>	The Central Depository (Pte) Limited
<i>“Company”</i>	OEL (Holdings) Limited

<i>“control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<i>“controlling shareholder”</i>	A person who: <ul style="list-style-type: none"> (i) holds, directly or indirectly, 15% or more of the total number of issued shares excluding treasury shares in a company (provided that the SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder); or (ii) in fact exercises control over a company
<i>“Directors”</i>	The directors of the Company as at the date of this Appendix
<i>“EPS”</i>	Earnings per Share
<i>“Group”</i>	Means in respect of a company, the company in question, its holding company, its subsidiaries and any subsidiary of such holding company
<i>“immediate family”</i>	Immediate family in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<i>“Latest Practicable Date”</i>	27 March 2015 being the latest practicable date prior to the printing of this Appendix
<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, or the rules contained therein, which apply to entities listed on the Catalist, as may be amended, varied or supplemented from time to time
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	Net asset value
<i>“NTA”</i>	Net tangible asset value
<i>“Relevant Period”</i>	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
<i>“Securities Account”</i>	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“SGXNET”</i>	The SGXNET Corporate Announcement System
<i>“SGX-ST”</i>	Singapore Exchange Securities Trading Limited
<i>“SIC”</i>	The Securities Industry Council of Singapore
<i>“Shares”</i>	Ordinary shares in the capital of the Company

“Shareholders”	Persons (not being Depositors) who are registered as holders of Shares in the Register of Members of the Company and Depositors, who have Shares entered against their names in the Depository Register except where the registered holder is CDP, the term “Shareholder” shall in relation to such Shares mean the Depositors whose Securities Accounts are credited with the Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Share Buyback Mandate”	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
“Sponsor”	RHT Capital Pte. Ltd., the Company’s continuing sponsor
“Substantial Shareholder”	A Shareholder who has an interest in the voting Shares in the Company representing not less than 5% of all the voting Shares
“Takeover Code”	The Singapore Code on Takeover and Mergers, as modified, supplemented or amended from time to time
“Treasury Share(s)”	A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
“%” or “per cent.”	Percentage or per centum
“S\$”, “\$” and “cents”	Singapore dollars and cents respectively

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act or any statutory modification thereof as the case may be.

The term “subsidiary” shall have the meaning ascribed to it in Section 5 of the 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. References to persons shall, where applicable, include corporations.

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

Any reference in this Appendix to an enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or the Listing Manual or any statutory modification thereof and used in this Appendix, and not otherwise defined in this Appendix shall, where applicable, have the same meaning assigned to it under the Act or the Listing Manual or any statutory modification thereof, as the case may be.

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

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

OEL (HOLDINGS) LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 198403368H)

LETTER TO SHAREHOLDERS

Directors:

Low Beng Tin (Chairman and Managing Director)
Jeffrey Hing Yih Peir (Non-Executive Director)
Renny Yeo Ah Kiang (Independent Non-Executive Director)
Bernard Tay Ah Kong (Independent Non-Executive Director)
Lai Kwok Seng (Independent Non-Executive Director)
Goh Yeow Tin (Independent Non-Executive Director)

Registered Office:

No. 8 Aljunied Ave 3
Oakwell Building
Singapore 389933

To: The Shareholders of
OEL (Holdings) Limited

Date: 7 April 2015

Dear Sir or Madam

PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

1. INTRODUCTION

The Board is convening the AGM, to be held on 23 April 2015 at 3.00 p.m. at No.8 Aljunied Ave 3, Oakwell Building, Singapore 389933, to seek approval from the Shareholders for the proposed renewal of the Share Buyback Mandate.

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

The SGX-ST assumes no responsibility for the contents of this Appendix, including its correctness of any of the statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

At the AGM of the Company held on 22 April 2014, Shareholders had approved the grant of a Share Buyback Mandate to enable the Company to purchase or otherwise acquire the issued ordinary Shares in the capital of the Company. The authority and limitations on the Share Buyback Mandate were set out in the Circular to Shareholders dated 4 April 2014 and Ordinary Resolution 8 set out in the Notice of that AGM.

The Share Buyback Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution at that AGM and will expire on the date of the forthcoming AGM to be held on 23 April 2015. Accordingly, Shareholders' approval is being sought for the proposed renewal of the Share Buyback Mandate at the AGM to be held on 23 April 2015.

If approved by the Shareholders at the AGM, the authority conferred by the renewed Share Buyback Mandate will take effect from the date of the AGM and continue in force until the date on which the next AGM is held or required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Share Buyback

Mandate have been carried out to the full extent mandated, or the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting, whichever is earliest.

2.2 Rationale for the Renewal of the Share Buyback Mandate

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

- (a) In line with international practice, the renewal of the Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the renewal of the Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) Purchase or acquisition of Shares may help mitigate short-term market volatility in the Company's Share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (c) All things being equal, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will result in a lower number of issued Shares being used for the purpose of computing EPS, if the purchased Shares are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, Share buybacks under the Share Buyback Mandate will improve the Company's EPS, which in turn is expected to have a positive impact on the fundamental value of the Shares;
- (d) The renewal of the Share Buyback Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions and compliance with the Listing Manual, during the period when the Share Buyback Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if it is in the best interest of the Company. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

2.3 Authority and Limits of the Share Buyback Mandate

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

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period or within any one financial year of the Company, whichever is the earlier, shall not exceed five per cent (5%) of the total number of issued Shares of the Company

as at the date of the AGM at which the Share Buyback Mandate is to be renewed. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 5% limit.

For illustrative purpose only, based on 668,266,667 issued Shares as at the Latest Practicable Date, the purchase by the Company of up to the maximum limit of 5% of its issued Shares will result in the purchase or acquisition of 33,413,000 Shares (rounded down to the nearest 1,000 Shares).

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the proposed renewal of the Share Buyback Mandate is approved, 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 purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the renewal of the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting.

whichever is the earlier (the “**Relevant Period**”).

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchase(s) (“**Market Purchase**”), transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual and the Act.

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

An equal access scheme (as defined in Section 76C of the Act) must, however, satisfy all 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; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (cc) differences in the offers introduced solely to ensure that each person 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 containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of purchase or acquisition of Shares by the Company that will arise under the Takeover Code or other applicable takeover rules;
- (5) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of Off-Market Purchases in accordance with an equal access scheme or Market Purchases), setting out 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
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase Price

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

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

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, 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, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporation 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 makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. 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.

2.5 Treasury Shares

Under the 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 Act are summarised below:

2.5.1 Maximum holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 5% of the total number of issued Shares of the Company.

As at the Latest Practicable Date, the Company does not have any Shares held as treasury 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 Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Takeover Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme of the Company;
- (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 30 days of the passing of the ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with ACRA.

The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired 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 or acquisition of Shares, the Company's issued Share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

The Listing Manual specifies that a listed company shall announce all purchases or acquisition of its shares via SGXNET no 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;
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

Such announcement (which must be in the form of Appendix 8D of the Listing Manual) must include, *inter alia*, the details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and the number of treasury shares held after the purchase.

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, and the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares (of the same class as the treasury shares) which are listed on the Catalist before and after the usage and the value of the treasury shares comprised in the usage.

2.7 Source of Funds

The Company intends to use internal sources of funds, external borrowings or a combination of internal resources and external borrowings to finance the purchases or acquisition of the Shares. The Directors do not propose to exercise the Share Buyback Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially affected.

2.8 Solvency Test

In purchasing or acquiring Shares, the Company may only apply for funds legally available for such purchase or acquisition in accordance with the Articles and the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Listing Manual. As stated in the Act, the share buyback may be made out of the Company’s profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Act, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the payment for any Shares purchased or acquired pursuant to the Share Buyback Mandate and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) 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).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counterclaims by the Company.

2.9 Financial Effects

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Buyback Mandate on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

2.9.1 Purchase or Acquisition out of Profits and/or Capital

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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.

2.9.2 Number of Shares Acquired or Purchased

Based on 668,266,667 issued Shares as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 5% of its issued Shares will result in the purchase or acquisition of 33,413,000 Shares (rounded down to the nearest 1,000 Shares).

2.9.3 Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchase by the Company and assuming that the Company purchases or acquires 33,413,000 Shares at the Maximum Price of S\$0.034 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five 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 33,413,000 Shares is approximately S\$1,136,000 (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 33,413,000 Shares at the Maximum Price of S\$0.039 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five 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 33,413,000 Shares is approximately S\$1,303,000 (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

2.9.4 Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above, and assuming that Shares purchases are made to the extent aforesaid and such Shares purchases are funded wholly by internal resources within the Group, the financial effects of the purchase or acquisition of:

- (a) 33,413,000 Shares (representing 5% of the Shares in issue as at the Latest Practicable Date) by the Company pursuant to the Share Buyback Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury; and
- (b) 33,413,000 Shares (representing 5% of the Shares in issue as at the Latest Practicable Date) by the Company pursuant to the Share Buyback Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury,

on the audited financial statements of the Company and Group for the financial year ended 31 December 2014 are set out below:

(A) Market Purchases

Purchases made entirely out of capital

	GROUP			COMPANY		
	Before Share buyback	After Market Purchase	Purchased Shares Cancelled	Before Share buyback	After Market Purchase	Purchased Shares Cancelled
		Purchased Shares	Shares held as Treasury Shares		Purchased Shares	Shares held as Treasury Shares
As at 31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share capital	38,530	37,394	38,530	38,530	37,394	38,530
Reserves	(18,102)	(18,102)	(18,102)	(19,215)	(19,215)	(19,215)
Treasury Shares	–	–	(1,136)	–	–	(1,136)
Total Shareholders' funds ⁽¹⁾	20,428	19,292	19,292	19,315	18,179	18,179
NTA ⁽²⁾	20,428	19,292	19,292	19,315	18,179	18,179
Current Assets	24,890	23,754	23,754	15,380	14,244	14,244
Current Liabilities	20,065	20,065	20,065	4,328	4,328	4,328
Total borrowings	639	639	639	639	639	639
Cash and cash equivalent	1,593	457	457	1,354	218	218
Net loss attributable to Shareholders	(19,079)	(19,079)	(19,079)	(32,353)	(32,353)	(32,353)
Number of Shares (in '000)	668,267	634,854	634,854	668,267	634,854	634,854
Number of Treasury Shares (in '000)	–	–	33,413	–	–	33,413
Financial Ratios						
NTA per Share (cent) ⁽³⁾	3.06	3.04	3.04	2.89	2.86	2.86
Gearing ratio (times) ⁽⁴⁾	0.03	0.03	0.03	0.03	0.04	0.04
Current ratio (times) ⁽⁵⁾	1.24	1.18	1.18	3.55	3.29	3.29
EPS (cent)	(2.85)	(3.01)	(3.01)	(4.84)	(5.10)	(5.10)

(B) Off-Market Purchases**Purchases made entirely out of capital**

	GROUP			COMPANY		
	Before Share buyback	After Off-Market Purchase	Purchased Shares Cancelled	Before Share buyback	After Off-Market Purchase	Purchased Shares Cancelled
		Purchased Shares	Shares held as Treasury Shares		Purchased Shares	Shares held as Treasury Shares
As at 31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share capital	38,530	37,227	38,530	38,530	37,227	38,530
Reserves	(18,102)	(18,102)	(18,102)	(19,215)	(19,215)	(19,215)
Treasury Shares	–	–	(1,303)	–	–	(1,303)
Total Shareholders' funds ⁽¹⁾	20,428	19,125	19,125	19,315	18,012	18,012
NTA ⁽²⁾	20,428	19,125	19,125	19,315	18,012	18,012
Current Assets	24,890	23,587	23,587	15,380	14,077	14,077
Current Liabilities	20,065	20,065	20,065	4,328	4,328	4,328
Total borrowings	639	639	639	639	639	639
Cash and cash equivalent	1,593	290	290	1,354	51	51
Net profit attributable to Shareholders	(19,079)	(19,079)	(19,079)	(32,353)	(32,353)	(32,353)
Number of Shares (in '000)	668,267	634,854	634,854	668,267	634,854	634,854
Number of Treasury Shares (in '000)	–	–	33,413	–	–	33,413
Financial Ratios						
NTA per Share (cent) ⁽³⁾	3.06	3.01	3.01	2.89	2.84	2.84
Gearing ratio (times) ⁽⁴⁾	0.03	0.03	0.03	0.03	0.04	0.04
Current ratio (times) ⁽⁵⁾	1.24	1.18	1.18	3.55	3.25	3.25
EPS (cent)	(2.85)	(3.01)	(3.01)	(4.84)	(5.10)	(5.10)

Notes:

1. Total Shareholders' funds exclude non-controlling interests.
2. NTA refers to net assets less intangible assets and non-controlling interests.
3. NTA per Share is computed based on the NTA (i.e., net assets less intangible assets and non-controlling interests) divided by the number of Shares issued.
4. Gearing ratio equals to total borrowings divided by Shareholders' funds.
5. Current ratio equals to current assets divided by current liabilities.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buyback Mandate on the NTA per Share and EPS as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 December 2014, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 5% as mandated. Further, the Directors would emphasise that they do not propose to carry out the Share buyback to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or cause the Company to be delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share buyback before execution.

2.10 Timing of Purchases

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

In particular, in line with the best practices guide on securities dealings under Rule 1204(19) of the Listing Manual, the Company would not purchase or acquire any Share through On-Market Purchases and/or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year and full-year financial results or when they are in possession of any unpublished material price-sensitive information.

2.11 Listing Status

Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders at all times.

As at the Latest Practicable Date, approximately 65.1% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 5% limit pursuant to the Share Buyback 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:

- (i) adversely affect the listing status of the Shares on the SGX-ST;

- (ii) cause market illiquidity; or
- (iii) adversely affect the orderly trading of the Shares.

2.12 Takeover Implications

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

2.12.1 Obligation to make a takeover offer

Rule 14 of the Takeover Code, requires, *inter alia*, that except with the consent of SIC, where:–

- (a) Any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) Any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such persons and their concert parties, treasury shares will be excluded.

2.12.2 Persons Acting in Concert

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 effective control of that company.

Unless the contrary is established, the following individuals will, *inter alia*, be presumed to be acting in concert:

- (a) 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 trust;
- (b) 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 above for the purchase of voting

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

- (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 in respect of the investment account which such person manages on a discretionary basis;
- (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 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

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

2.12.3 Effect of Rule 14 and Appendix 2 of the Takeover Code

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

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

Shareholders will be subject to the provisions of Rule 14 of the Code if they acquire voting Shares after the Company's purchase of its own Shares. For this purpose, an increase in the percentage of voting rights as a result of the Company's purchase of its own Shares will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six (6) months.

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

As at the Latest Practicable Date, Mr Jeffrey Hing Yih Peir, the Non-Executive Director and substantial Shareholder of the Company has a total shareholding interest of 197,545,000 Shares (consisting of a direct interest in 195,000 Shares and a deemed interest in 197,350,000 Shares) and has no concert parties.

Based on 668,266,667 Shares in issue as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in the purchase or acquisition of 33,413,000 Shares and consequently the aggregate shareholding of Mr Hing would increase approximately from 29.56% to 31.12%.

Accordingly, under the Takeover Code, Mr Hing, unless exempted, will become obliged to make a general offer for the Shares not owned by him, if as a result of the exercise of the Share Buyback Mandate, his interest in the voting rights of the Company increases to 30% or more.

Paragraph 3(a) of Appendix 2 of the Takeover Code provides, *inter alia*, that for a market acquisition under section 76E of the Act or an off-market acquisition on an equal access scheme under section 76C of the Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make an offer under Rule 14, subject to the following conditions:

- (i) the circular to Shareholders on the resolution to authorise a buy-back to contain advice to the effect that by voting for the buy-back resolution, Shareholders are waiving their right to a general offer at the Required Price (as defined hereinafter) from the directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of 6 months; and the names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buy-back to be disclosed in the same circular;
- (ii) the resolution to authorise a share buy-back to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (iii) directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the share buy-back;

- (iv) within 7 days after the passing of the resolution to authorise a buy-back, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC; and
- (v) directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
 - (a) the date on which the authority of the share buy-back expires; and
 - (b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to 30% or more; and

- (vi) directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
 - (a) the date on which the authority of the share buy-back expires; and
 - (b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding 6 months.

It follows that where the aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share buy-back and none of them has acquired any Shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

Therefore, subject to the above conditions as stipulated in paragraph 3(a) of Appendix 2 of the Takeover Code, Mr Hing will be exempted under Appendix 2 from the requirement to make a general offer under Rule 14 of the Takeover Code in the event his percentage of total voting rights in the Company increase to 30% or more, solely as a result of the Company buying back its Shares under the Share Buyback Mandate.

If the Company ceases to buy back its Shares under the Share Buyback Mandate and the increase in the aggregate percentage of total voting rights held by Mr Hing does not increase to 30% or more, Mr Hing may acquire further voting rights in the Company. However, any increase in his percentage of voting rights as a result of the Company's Share buybacks will be taken into account together with any Company Shares acquired by Mr Hing (by whatever means) in determining whether he has increased his total voting rights in the Company to 30% or more.

Shareholders should therefore note that by voting in favour of the resolution to approve the proposed renewal of the Share Buyback Mandate, they will be waiving their rights to a general offer at the Required Price by Mr Hing in the circumstances set out above.

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

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

2.13 Shares Bought by the Company in the Past Twelve Months

The Company has not purchased or acquired any Shares within the twelve months preceding the Latest Practicable Date.

2.14 Tax Implications

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

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Low Beng Tin	4,769,754	0.71	28,000,000	4.19
Jeffrey Hing Yih Peir	195,000	0.03	197,350,000	29.53
Bernard Tay Ah Kong	–	–	–	–
Renny Yeo Ah Kiang	1,765,000	0.26	–	–
Lai Kwok Seng	–	–	–	–
Goh Yeow Tin	–	–	–	–
Substantial Shareholders				
Jeffrey Hing Yih Peir ⁽¹⁾	195,000	0.03	197,350,000	29.53

Notes:

- (1) Jeffrey Hing Yih Peir has a beneficial interest in 197,350,000 Shares registered in the name of Phillip Securities Pte. Ltd.
- (2) The shareholding percentages have been calculated based on the total number of 668,266,667 Shares in the Company as at the Latest Practicable Date.

4. DIRECTORS' RECOMMENDATIONS

In view of the takeover consequences as set out in paragraph 2.12 of this Appendix, Jeffrey Hing Yih Peir has refrained from making any recommendation in relation to the proposed renewal of the Share Buyback Mandate.

Having considered the rationale for the proposed renewal of the Share Buyback Mandate, the terms thereof and the financial effects of the proposed renewal of the Share Buyback Mandate, the Directors, save for Jeffrey Hing Yih Peir, are of the view that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and is not prejudicial to Shareholders as a whole. Accordingly, the Directors, save for Jeffrey Hing Yih Peir, recommend that Shareholders vote in favour of the resolution relating to the proposed renewal of the Share Buyback Mandate at the AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

5.1 Appointment of Proxies

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 accordance with the instruction printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at No.8 Aljunied Ave 3 Oakwell Building, Singapore

389933 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.

5.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

7. ABSTENTION FROM VOTING

Jeffrey Hing Yih Peir will abstain and has undertaken to ensure that his Associates (if any) and concert parties (if any) will abstain from voting at the AGM in respect of Ordinary Resolution 6 on the proposed renewal of the Share Buyback Mandate in view of the takeover consequences set out in paragraph 2.12.3 of this Appendix and shall not accept nomination as proxies or otherwise for voting at the AGM in respect of the said Ordinary Resolution 6.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by Shareholders at the registered office of the Company at No. 8 Aljunied Ave 3 Oakwell Building, Singapore 389933 during normal business hours from the date of this Appendix up to the date of the AGM:

- (a) Memorandum and Articles of Association of the Company; and
- (b) The Annual Report of the Company for the financial year ended 31 December 2014.

Yours faithfully
For and on behalf of the Board

Low Beng Tin
Chairman and Managing Director
7 April 2015