

APPENDIX DATED 10 OCTOBER 2018

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

This Appendix is circulated to the Shareholders of Hatten Land Limited (“**Company**”) together with the Company’s Annual Report 2018 (as defined herein). Its purpose is to explain to the Shareholders the rationale of and to provide information pertaining to: (a) the proposed renewal of the Share Buy-Back Mandate (as defined herein) and (b) the proposed renewal of the IPT Mandate (as defined herein), and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **25 October 2018** at **10.00 a.m.** at **53 Mohamed Sultan Road, Level 2, Singapore 238993**.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2018.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2018 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 January 2017 via a reverse take-over (“**RTO**”). The financial adviser for the RTO was UOB Kay Hian Private Limited (the “**Sponsor**”).

This Appendix has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix. This Appendix has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



HATTEN LAND LIMITED
(Company Registration Number: 199301388D)
(Incorporated in the Republic of Singapore)

APPENDIX

IN RELATION TO

- (A) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE (RESOLUTION 8); AND**
- (B) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS (RESOLUTION 9)**

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DEFINITIONS

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

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting of the Company
“AGM 2018”	:	The AGM to be held on 25 October 2018
“Annual Report 2018”	:	The Company’s annual report for the FY ended 30 June 2018
“Appendix”	:	This appendix to the Annual Report 2018
“Associate”	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (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
“Board”	:	The board of Directors of the Company from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, varied or supplemented from time to time
“Company”	:	Hatten Land Limited

DEFINITIONS

“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Constitution”	:	The Constitution of the Company, as amended, supplemented or modified from time to time
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over a company
“CPF”	:	Central Provident Fund
“Directors”	:	The directors of the Company from time to time
“Dato’ Colin Tan”	:	Dato’ Tan June Teng Colin @ Chen JunTing
“Dato’ Edwin Tan”	:	Dato’ Tan Ping Huang Edwin @ Chen Bing Huang
“EPS”	:	Earnings per Share
“FY” or “Financial Year”	:	Financial year ended or ending 30 June, as the case may be
“Hatten Group”	:	Companies within the Hatten group of companies, including in the sectors of property development, property investment, hospitality, retail and education
“Group”	:	The Company and its Subsidiaries, collectively
“Interested Persons”	:	Has the meaning ascribed to it in Section 3.2 of this Appendix
“Interested Person Transactions”	:	Has the meaning ascribed to in Section 3.2 of this Appendix
“IPT Mandate”	:	The general mandate for Interested Person Transactions the scope of which is set out in Section 3.5 of this Appendix

DEFINITIONS

“Latest Practicable Date”	:	24 September 2018, being the latest practicable date prior to the printing of this Appendix
“Mandated Interested Persons”	:	Has the meaning ascribed in Section 3.4 of this Appendix
“Mandated Transactions”	:	Has the meaning ascribed to it in Section 3.5 of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Notice”	:	The Notice of AGM dated 10 October 2018
“NTA”	:	Net tangible assets
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-Back”	:	Buy-back of Shares by the Company pursuant to the Share Buy-Back Mandate
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is the Central Depository (Pte) Limited, the term “Shareholder” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Sponsor”	:	UOB Kay Hian Private Limited
“Subsidiary” or “Subsidiaries”	:	Has the meaning ascribed to it in Section 5 of the Companies Act
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under Section 81 of the Companies Act

DEFINITIONS

“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“S\$” and “cents”	:	Dollars and cents respectively of the currency of Singapore
“%”	:	Per centum or percentage

The terms **“Depositors”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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

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

Unless otherwise stated, all conversions in this Appendix shall be based on the exchange rate of S\$1.00: RM3.0286 as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

HATTEN LAND LIMITED

(Company Registration Number: 199301388D)
(Incorporated in the Republic of Singapore)

Board of Directors:

Dato' Tan June Teng Colin @ Chen JunTing
(Executive Chairman and Managing Director)
Dato' Tan Ping Huang Edwin @ Chen BingHuang
(Executive Director and Deputy Managing Director)
Dato' Wong King Kheng (Lead Independent Director)
Loh Weng Whye (Independent Director)
Foo Jong Han Rey (Independent Director)

Registered Office:

53 Mohamed Sultan Road
#04-02
Singapore 238993

10 October 2018

To: The Shareholders of Hatten Land Limited

Dear Sir/Madam,

(A) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

(B) THE PROPOSED RENEWAL OF THE IPT MANDATE

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice accompanying the Annual Report 2018, convening the AGM 2018 which is scheduled to be held on 25 October 2018 and the Ordinary Resolutions 8 and 9 in relation to the (i) proposed renewal of the Share Buy-Back Mandate, and (ii) the proposed renewal of the IPT Mandate respectively, under the heading "Special Business" set out in the Notice.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide Shareholders with details in respect of the following:

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

The Sponsor and the SGX-ST take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

LETTER TO SHAREHOLDERS

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

2.1 Introduction

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the Constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. On 26 October 2017, the Company obtained Shareholders' approval to adopt the Share Buy-Back Mandate. The Share Buy-Back Mandate took effect from 26 October 2017 and continues to be in force until 25 October 2018, being the date of the forthcoming AGM 2018.

The Company wishes to seek the approval of Shareholders at the AGM 2018 for the proposed renewal of the Share Buy-Back Mandate. Subject to Shareholders' approval, the Share Buy-Back Mandate shall be effective from the date of the AGM 2018 and shall continue in force until the date on which the next AGM of the Company is held (whereupon it will lapse, unless renewed at such meeting) or the date on which Share Buy-Backs have been carried out to the full extent mandated or until the said mandate is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM), whichever is the earlier.

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the proposed renewal of the Share Buy-Back Mandate.

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate would give the Company the flexibility to undertake buy-backs of the Shares at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force. A Share Buy-Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, Share Buy-Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Share Buy-Backs may help mitigate against short term volatility of the Company's share price and offset the effects of short term speculation. Share Buy-Backs may also allow the Directors to have greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy-back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group.

LETTER TO SHAREHOLDERS

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders and would not have a material adverse effect on the financial position of the Company.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the AGM at which the Share Buy-Back Mandate is approved (“**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the relevant term of the Share Buy-Back Mandate, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares and subsidiary holdings will be disregarded. As at the Latest Practicable Date, the Company has no treasury shares and subsidiary holdings.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 1,378,096,353 Shares (excluding any treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM 2018, not more than 137,809,635 Shares (representing approximately 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

While the Share Buy-Back Mandate would authorise a purchase or acquisition of Shares up to the 10% of the issued Shares, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out up to the entire 10% of the issued Shares as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

LETTER TO SHAREHOLDERS

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (i) The date on which the next AGM of the Company is held or required by law to be held;
- (ii) The date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) The date on which the Share Buy-Back is carried out to the full extent mandated. The Share Buy-Back Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- a. on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- b. off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalist Rules.

The Directors may impose such terms and conditions which are consistent with the Share Buy-Back Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of the offers are 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) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

LETTER TO SHAREHOLDERS

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the Share Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

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

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5)-Market Day period;

LETTER TO SHAREHOLDERS

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

2.4 Status of Purchased Shares under the Share Buy-Back Mandate

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 in accordance with the Companies Act. 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.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

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:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(b) 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.

LETTER TO SHAREHOLDERS

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

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

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for Share Buy-Back

In purchasing Shares under the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on Catalist for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. The Companies Act permits the Company to purchase its Shares out of capital, as well as from its distributable profits so long as the Company is solvent (determined in accordance with Section 76F(4) of the Companies Act).

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or

LETTER TO SHAREHOLDERS

- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company intends to use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy-Back Mandate.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 Financial Effects of the Share Buy-Back Mandate

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2018 and are not necessarily representative of future financial performance of the Group. Although the Share Buy-Back Mandate would authorise the Company to buy-back up to 10% of the Company's issued Shares, the Company may not necessarily buy-back or be able to buy-back 10% of the issued Shares in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering 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 Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

The issued share capital of the Company comprises 1,378,096,353 Shares (excluding any treasury shares and subsidiary holdings). The Company does not hold any treasury shares and there are no subsidiary holdings.

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 1,378,096,353 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM 2018, the purchase by the Company of approximately 10% of its issued Shares will result in the purchase of 137,809,635 Shares. As the purchase by the Company of approximately 10% of its issued Shares will result in the Company being unable to meet the public float requirement, the illustrative financial effects will reflect the purchase of 94,399,600 Shares, representing approximately 6.85% of the 1,378,096,353 Shares, such that the public float requirement is still met.

LETTER TO SHAREHOLDERS

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 94,399,600 Shares at the Maximum Price of S\$0.16 (or equivalent to RM0.49) for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 94,399,600 Shares is approximately RM46.5 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 94,399,600 Shares at the Maximum Price of S\$0.19 (or equivalent to RM0.56) for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 94,399,600 Shares is approximately RM53.1 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-Back Mandate had been effective on 1 July 2017;
- (ii) such Share purchases are funded solely by internal cash of the Group available as at 30 June 2018;
- (iii) the purchase of Shares pursuant to the Share Buy-Back Mandate had taken place on 1 July 2017 for the purpose of computing the financial effects on the EPS of the Group;
- (iv) the purchase of Shares pursuant to the Share Buy-Back Mandate had taken place on 30 June 2018 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group; and
- (v) transaction costs incurred during the Share Buy-Back pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purpose of computing the financial effects.

The financial effects of:

- (aa) the acquisition of 6.85% of the issued Shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as treasury shares ("**Scenario A**"); and
- (bb) the acquisition of 6.85% of the issued Shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled ("**Scenario B**"),

on the audited consolidated financial results of the Group and the Company for FY2018, are set out below:

LETTER TO SHAREHOLDERS

Scenario A – Purchases made entirely out of capital and held as treasury shares

	Group				Company			
	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	
As at 30 June 2018								
Profit attributable to owners of the Company								
Share Capital	3,173	3,173	3,173	2,443	2,443	2,443	2,443	
Retained earnings	252,719	252,719	252,719	1,285,223	1,285,223	1,285,223	1,285,223	
Translation Reserve	32,274	32,274	32,274	6,093	6,093	6,093	6,093	
Merger Reserve	–	–	–	–	–	–	–	
Treasury Shares	(54,827)	(54,827)	(54,827)	–	–	–	–	
Shareholders' Equity	–	(46,539)	(53,147)	–	(46,539)	(53,147)	(53,147)	
Total Equity ⁽¹⁾	230,166	183,627	177,019	1,291,316	1,244,777	1,238,169	1,238,169	
NTA ⁽²⁾	230,166	183,627	177,019	1,291,316	1,244,777	1,238,169	1,238,169	
Current Assets	1,234,547	1,188,008	1,181,400	263,260	216,721	210,113	210,113	
Current Liabilities	798,743	798,743	798,743	985	985	985	985	
Working Capital	435,804	389,265	382,657	262,275	215,736	209,128	209,128	

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	Group			Company		
	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)
<u>As at 30 June 2018</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings	507,810	507,810	507,810	171,274	171,274	171,274
Cash and cash equivalents	59,475	12,936	6,328	12,686	(33,853)	(40,461)
Net Debt ⁽³⁾	448,335	494,874	501,482	158,588	205,127	211,735
Number of Shares excluding treasury shares as at 30 June 2018 ('000)	1,378,096	1,283,696	1,283,696	1,378,096	1,283,696	1,283,696
Number of treasury shares as at 30 June 2018 ('000)	–	94,400	94,400	–	94,400	94,400
Weighted average number of Shares as at 30 June 2018 ('000)	1,377,361	1,377,361	1,377,361	1,377,361	1,377,361	1,377,361
Financial Ratios						
NTA per Share (RM cents) ⁽²⁾	16.70	14.30	13.80	93.70	97.00	96.50
Gearing Ratio (times) ⁽⁴⁾	1.95	2.69	2.83	0.12	0.17	0.17
Current Ratio (times) ⁽⁵⁾	1.55	1.49	1.48	267.27	220.02	213.31
Basic EPS (RM cents) ⁽⁶⁾	0.23	0.23	0.23	0.18	0.18	0.18

Notes:

- (1) Total equity equals shareholders' equity plus non-controlling interests.
- (2) NTA equals total equity less intangible assets and minority interest. NTA per Share equals NTA divided by the number of Shares excluding treasury shares as at 30 June 2018.
- (3) Net debt means total borrowings less cash and cash equivalents.
- (4) Gearing ratio equals net debt divided by total equity.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals earnings attributable to owners of the Company divided by the weighted average number of Shares as at 30 June 2018.

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Scenario B – Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000
As at 30 June 2018						
Profit attributable to owners of the Company	3,173	3,173	3,173	2,443	2,443	2,443
Share Capital	252,719	206,180	199,572	1,285,223	1,238,684	1,232,076
Retained earnings	32,274	32,274	32,274	6,093	6,093	6,093
Translation Reserve	–	–	–	–	–	–
Merger Reserve	(54,827)	(54,827)	(54,827)	–	–	–
Treasury Shares	–	–	–	–	–	–
Shareholders' Equity	230,166	183,627	177,019	1,291,316	1,244,777	1,238,169
Total Equity ⁽¹⁾	230,166	183,627	177,019	1,291,316	1,244,777	1,238,169
NTA ⁽²⁾	230,166	183,627	177,019	1,291,316	1,244,777	1,238,169
Current Assets	1,234,547	1,188,008	1,181,400	263,260	216,721	210,113
Current Liabilities	798,743	798,743	798,743	985	985	985
Working Capital	435,804	389,265	382,657	262,275	215,736	209,128

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	Group			Company		
	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000
As at 30 June 2018						
Total borrowings	507,810	507,810	507,810	171,274	171,274	171,274
Cash and cash equivalents	59,475	12,936	6,328	12,686	(33,853)	(40,461)
Net Debt ⁽³⁾	448,335	494,874	501,482	158,588	205,127	211,735
Number of Shares excluding treasury shares as at 30 June 2018 ('000)	1,378,096	1,283,696	1,283,696	1,378,096	1,283,696	1,283,696
Weighted average number of Shares as at 30 June 2018 ('000)	1,377,361	1,282,961	1,282,961	1,377,361	1,282,961	1,282,961
Financial Ratios						
NTA per Share (RM cents) ⁽²⁾	16.70	14.30	13.80	93.70	97.00	96.50
Gearing Ratio (times) ⁽⁴⁾	1.95	2.69	2.83	0.12	0.16	0.17
Current Ratio (times) ⁽⁵⁾	1.55	1.49	1.48	267.27	220.02	213.31
Basic EPS (RM cents) ⁽⁶⁾	0.23	0.25	0.25	0.18	0.19	0.19

Notes:

(1) Total Equity equals Shareholders' Equity plus non-controlling interests.

(2) NTA equals Total Equity less intangible assets and Minority Interest. NTA per Share equals NTA divided by the number of Shares excluding treasury shares as at 30 June 2018.

(3) Net Debt means total borrowings less cash and cash equivalents.

(4) Gearing Ratio equals Net Debt divided by Total Equity.

(5) Current Ratio equals current assets divided by current liabilities.

(6) Basic EPS equals earnings attributable to owners of the Company divided by the weighted average number of Shares as at 30 June 2018.

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The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of the Shares will only be effected after considering 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 Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Group for FY2018, and is not representative of the future financial performance of the Group.

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

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the Share Buy-Back Mandate whether in or outside Singapore, should consult their own professional advisers.

2.9 Catalyst Rules

As at the Latest Practicable Date, approximately 16.85% of the issued share capital of the Company is held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 6.85%. Accordingly, the Company, in order to meet the public float requirements, may only purchase up to approximately 6.85% of the issued share capital of the Company, comprising 94,399,600 Shares.

The Directors will use their best efforts to ensure that the Company does not effect buy-back of Shares if the buy-back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

Under the Catalyst Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in **Section 2.3** of this Appendix, conforms to this restriction.

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Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; 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 an offer under such scheme.

The notification of such purchase or acquisition 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 to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one (1) month immediately preceding the announcement of the Company’s full-year results statements.

2.10 Take-Over Obligations

(a) Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”).

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Buy-Back by the Company.

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(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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

- (i) 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);
- (ii) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons 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;
- (iii) A company with any of its pension funds and employee share schemes;
- (iv) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) Partners; and
- (viii) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the above and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

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 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company 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 in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

(d) Application of the Take-over Code

The Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Buy-Back.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

2.11 Details of the Shares bought by the Company in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.12 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve, or renew such mandate for, the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the

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purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

On 26 October 2017, the Company obtained Shareholders' approval to renew the IPT Mandate for Interested Person Transactions as set out in **Section 3.5** of this Appendix. The IPT Mandate took effect from 26 October 2017 and continues to be in force until 25 October 2018, being the date of the forthcoming AGM 2018.

The Company wishes to seek Shareholders' approval for the renewal of the IPT Mandate pursuant to Part VIII of Chapter 9 of the Catalist Rules. Subject to Shareholders' approval, the IPT Mandate shall be effective from the date of the AGM 2018 and shall continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

3.1 Chapter 9 of the Catalist Rules

Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons shall abstain and undertake that their Associates will abstain from voting on resolutions approving Interested Person Transactions involving themselves and the Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by Shareholders who are unrelated to such Interested Persons or their Associates.

Pursuant to Rule 905(1) of the Catalist Rules, a listed company will be required to make an immediate announcement of any interested person transaction of a value equal to, or exceeding, three percent (3.0%) of the group's latest audited NTA, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to three percent (3.0%) or more of the group's latest audited NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Pursuant to Rule 906(1) of the Catalist Rules, a listed company will be required to obtain shareholders' approval for any interested person transaction of a value equal to, or exceeding, five percent (5.0%) of the group's latest audited NTA or equals to, or exceeds five percent (5.0%) of the group's latest audited NTA when aggregated with other transactions entered into with the same interested person during the same financial year.

Rules 905 and 906(1) of the Catalist Rules do not apply to any transaction which has a value below S\$100,000 with an interested person and therefore transactions below S\$100,000 need not be covered under the IPT Mandate.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

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3.2 Rationale

The Group had entered into, and will continue to enter into, in the ordinary course of business, certain transactions with certain entities within the Hatten Group. Entities within the Hatten Group owned by Dato' Colin Tan and Dato' Edwin Tan who are the Controlling Shareholders are interested persons under Chapter 9 of the Catalist Rules ("**Interested Persons**") and transactions between such entities and the Group will be considered interested person transactions under the Catalist Rules ("**Interested Person Transactions**").

In view of the time-sensitive nature of commercial transactions, and the need for smooth and efficient conduct of business which may include entering into transactions which are recurring in nature or in the ordinary course of business with certain Interested Persons, it would be advantageous for the Group to obtain a Shareholders' mandate to enter into certain Interested Person Transactions in its normal course of business, provided that all such transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and which will not be prejudicial to the interests of the Group and its minority Shareholders.

3.3 Benefits of the IPT Mandate

As parts of the Hatten Group's businesses are complementary to the business of the Group and vice versa, there are opportunities for the Group and the Hatten Group to leverage on each other's business, experience and resources to add value to both businesses. For example, by having access to management and support services from the Interested Persons, the Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts).

As the IPT Mandate is subject to annual renewal, this would eradicate the need for the Group to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Interested Person Transactions with the Interested Persons arise. The Group would be able to save substantial administrative time and costs in arranging for such separate general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group. Not only would this greatly improve administrative efficacy, it would also enable the Group to dedicate its time to other matters.

The IPT Mandate is intended to facilitate the Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage are likely to be transacted with some frequency from time to time with the Interested Persons, provided that they are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

3.4 Classes of Mandated Interested Persons under the IPT Mandate

The IPT Mandate will apply to the Mandated Transactions (as described in **Section 3.5** below) to be carried out between the Group and the entities within the Hatten Group, namely:

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- (a) Hatten Properties Sdn. Bhd.;
- (b) Hatten Retail Management Sdn. Bhd.;
- (c) Hatten Hotel International Sdn. Bhd.; and
- (d) Hatten Place Sdn. Bhd.

Additionally, the IPT Mandate will apply to transactions between the Group and Montane Construction Sdn. Bhd. Montane Construction Sdn. Bhd. is beneficially owned by Tan Ler Choo, the aunt of Dato' Colin Tan and Dato' Edwin Tan. On this basis, transactions between the Group and Montane Construction Sdn. Bhd. do not fall within the ambit of Interested Person Transactions under Chapter 9 of the Catalist Rules. Transactions with Montane Construction Sdn. Bhd. are included as part of the IPT Mandate for prudence and good corporate governance.

The Interested Persons stated above shall collectively be referred to as the “**Mandated Interested Persons**”.

3.5 Mandated Transactions under the IPT Mandate

The categories of transactions which will be covered by the IPT Mandate include transactions by the Group relating to the provision to and obtaining from the Mandated Interested Persons of the following products and services in the normal course of business of the Group:

- (a) The engagement of property agency management services in respect of (i) management of property agents; (ii) management of agent commission; and (iii) administrative support to property agents from Hatten Properties Sdn. Bhd.;
- (b) The engagement of mall/complex/property management services in respect of (i) estate management; (ii) building maintenance services; and (iii) building security services from Hatten Retail Management Sdn. Bhd.;
- (c) The engagement of construction services from Montane Construction Sdn. Bhd.;
- (d) The leasing of the relevant hospitality properties under a master lease arrangement, in accordance to such processes as set out in Section 4.2.4 of the Company's circular dated 29 December 2016;
- (e) The engagement of agency services in respect of the leasing of any unsold retail units of the Group, or sold units leased-back by the Group from its customers, in accordance to such processes as set out in Section 4.2.4 of the Company's circular dated 29 December 2016;
- (f) The provision of property development management services to future property development projects which are not wholly owned by the Group, whether through joint ventures or otherwise;
- (g) The provision of administrative and logistical support (where required) in relation to the provision of, and/or obtaining of products and/or services in sub-paragraph (a) to (f) above; and

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- (h) The provision and/or obtaining of management and support services in the area of professional, administrative and support services, including but not limited to, corporate events, information technology, and management information systems, intellectual property rights, and any other professional, administrative and support services that may arise from time to time. For the avoidance of doubt, services set out in this sub-section are not incidental to the products and/or services as set out in sub-sections (a) to (f) above,

(collectively, the “**Mandated Transactions**”).

By having access to such services, the Group will benefit through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts).

3.6 Review Procedures for Mandated Transactions with Mandated Interested Persons

The Group will establish the following procedures to ensure that the Mandated Transactions are carried out on an arm’s length basis, on normal commercial terms consistent with the Group’s usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

3.6.1 Review Procedures in relation to Mandated Transactions other than Management and Support Services

The Audit and Risk Committee of the Company will review and approve the Mandated Transactions where applicable, and to ensure that all future Mandated Transactions are carried out on an arm’s length basis and on normal commercial terms consistent with the Group’s usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The following review procedures will be implemented in relation to all Interested Person Transactions (including those that do not fall within the ambit of the IPT Mandate but other than transactions listed in **Section 3.5(h)** above):

- (a) All Interested Person Transactions shall be conducted in accordance with the Group’s usual business practices and policies consistent or comparable with the usual margin or historical margin or costs (where applicable), rates (including commission) or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Persons compared to those extended to or received from unrelated third parties after taking into account the speed of and cost for timely response and mobilisation, credit terms, quality, requirements, specification, scope, size, complexity and resources required for implementation of the projects for which Interested Persons are providing goods and services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks.

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- (b) When purchasing any products or obtaining any services (including the leasing of premises) from an Interested Person, in order to ensure that the interest of the Group or the minority Shareholders are not disadvantaged, comparison will be made with at least two quotations from unrelated/independent third party(ies) as a basis for comparison, from independent verifiable and reliable sources as approved by the Audit and Risk Committee from time to time (“**Approved Independent Sources**”) with advice from relevant employee of the Group with management responsibilities comprising personnel from the finance department and other relevant departments. The list of Approved Independent Sources will be maintained by the Group Financial Controller (or equivalent person) and reviewed by the Audit and Risk Committee periodically. The purchase price or fee for the products or services, after taking into account factors mentioned in paragraph (a) above, shall not be higher than the most favourable price or fee of the two other quotations (wherever possible or available) from the Approved Independent Sources.
- (c) When selling any products or supplying any services (including the leasing of premises) to an Interested Person, the price or fee or profit margins and terms of two other successful transactions of a similar nature (or comparable nature) with non-Interested Persons will be used as comparison to ensure that the interests of the Group or the minority Shareholders are not disadvantaged. The price or fee or margin for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-Interested Persons, taking into account all pertinent factors, including but not limited to speed of and cost for timely response and mobilisation, quality, credit records of the customers, term of sale or supply, strategic purpose of the transaction, specifications, scope, size, complexity and resources required for implementation of the projects for Interested Persons, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks and other qualitative consideration.
- (d) In circumstances where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be purchased or provided, any two Directors of the Group with no interest, direct or indirect, in the proposed Interested Person Transaction will, subject to the approval thresholds as set out in **Section 3.6.3** below, take such necessary steps which would include but not limited to (i) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided by the Interested Persons are fair and reasonable, and (ii) evaluate and weigh the benefits of and rationale for transacting with the Interested Persons, taking into account factors such as but not limited to, the nature of the services, track record, delivery schedules, requirements and specifications of the Group or the customer, duration of contract, quality, reliability, previous working experience taking into account mobilisation cost and timely response, specifications, scope, size, complexity and resources required for the implementation of the projects for which the Interested Persons are providing goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and structure of investments, array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such

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transactions and the attendant cost in managing such risks, project restrictions and structure or the results of and returns from the underlying projects.

3.6.2 Review Procedures in respect of Management and Support Services

For management and support services, the costs of certain administrative and support services provided to and/or by Mandated Interested Persons will be shared between the Group and the Mandated Interested Persons. Such services and fees shall be based on a cost-reimbursement basis charged to and/or by the Mandated Interested Persons based on the time cost charges of the employees involved.

3.6.3 Approval and Review Threshold

The following approval procedures will be implemented to supplement existing internal control procedures for Interested Person Transactions (including the Mandated Transactions) to ensure that such transactions are taken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders. For the avoidance of doubt, where the approving party as stipulated herein is interested in the transaction to be approved, he/she will inform the Audit and Risk Committee and such disclosures should be documented. In the event any equivalent person with the relevant experience and responsibility, as stated below for the various thresholds cannot be determined, the approving authority shall be decided by the Audit and Risk Committee.

Individual and aggregate transactions review and approval thresholds shall be as follows:

- (a) Where the individual or aggregate value of the Interested Person Transactions is equal to or more than S\$100,000 but less than three percent (3.0%) of the Group's latest audited NTA, the Interested Person Transactions shall require the prior approval of either the Group Financial Controller (or equivalent person) or Director, who is not interested in the transaction. New Interested Person Transactions that have been approved by the Audit and Risk Committee need not be aggregated for the purpose of such approval.
- (b) Where the individual or aggregate value of the Interested Person Transactions is equal to or more than three percent (3.0%) but less than five percent (5.0%) of the Group's latest audited NTA, the Interested Person Transactions shall require the prior approval of both the Group Financial Controller (or equivalent person) and Director, who is not interested in the transaction or is a member of the Audit and Risk Committee. New Interested Person Transactions that have been approved by the Audit and Risk Committee need not to be aggregated for the purpose of such approval.
- (c) Where the individual or aggregated Interested Person Transactions is equal to or more than five percent (5.0%) of the Group's latest audited NTA, the Interested Person Transactions will be subject to the prior approval of the Audit and Risk Committee. If a member of the Audit and Risk Committee is interested in any Interested Person Transaction, he shall abstain from participating in the review of that particular transaction. New Interested Person Transactions that

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have been approved by the Audit and Risk Committee need not to be aggregated for the purpose of such approval. For avoidance of doubt, the Audit and Risk Committee shall be responsible for such approvals.

- (d) All approvals must strictly follow the review procedures as stipulated in this section and must be documented. The documentation, including the reasons for approval where necessary, must be accompanied with supporting documents to serve as audit trails, which will be subject to internal and/or external audit.

In addition, the Group Financial Controller (or equivalent person), who is a key executive of the Group, will review (and document such review) all Interested Person Transactions (including Interested Person Transactions that are each less than S\$100,000 in value) and the Interested Person Transaction register on a quarterly basis or such other period as approved by the Audit and Risk Committee.

The threshold limits set out above are adopted by the Group taking into account among other things, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for Interested Person Transactions. The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Group for Interested Person Transactions.

3.6.4 Other Review Procedures

The Group will also implement the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):

- (a) The finance department of the Group will prepare and maintain a register of transactions carried out with the Mandated Interested Persons pursuant to the IPT Mandate (recording and documenting the identity of the Mandated Interested Persons, basis, including the quotations and supporting evidence or records or details obtained to support such basis on which they were entered into as well as the approving authority). For avoidance of doubt, the quotations and supporting evidence or records or supporting details obtained may be kept or maintained by other relevant departments. The register shall be monitored and reviewed on a quarterly basis by the Group Financial Controller (or equivalent person) of the Group who is not a Mandated Interested Person.

This is to ensure that they are carried out on an arm's length basis and on normal commercial terms and in accordance with the guidelines and review procedures in the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. In addition, any exceptions or departures from the procedures shall be reported and highlighted to the Audit and Risk Committee immediately.

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- (b) The Group Financial Controller (or equivalent person)/Company Secretary will obtain signed letters of confirmation from key management personnel, Controlling Shareholders and the Directors on a periodic basis (annual basis or such other period as may be determined by the Audit and Risk Committee) with respect to their interest in any transactions with the Group.
- (c) The Group Financial Controller (or equivalent person)/Company Secretary will maintain a list of the Directors and Controlling Shareholders of the Group (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons shall be reviewed by the Audit and Risk Committee at least on an annual basis.
- (d) The Group's annual or periodic (such period as may be decided by the Audit and Risk Committee) internal audit plan shall incorporate a review of all Interested Person Transactions (where applicable), including the established procedures for monitoring of the Mandated Transactions entered into during the current financial year pursuant to the IPT Mandate and consistent with the Code of Corporate Governance 2012. The approval thresholds as stipulated herein may be delegated with the approval of the Audit and Risk Committee which will be duly documented together with the bases for such approval.
- (e) The Audit and Risk Committee shall periodically review all Interested Person Transactions, at least on a quarterly basis (or such other frequency as the Audit and Risk Committee may decide), except where Interested Person Transactions are required under the review procedures to be approved by the Audit and Risk Committee prior to the entry thereof, to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. The Audit and Risk Committee shall, when it deemed fit, have the right to require the appointment of independent sources, advisers, and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.
- (f) In the event that a member of the Audit and Risk Committee is interested in any Interested Person Transaction, he shall abstain from participating in the review and/or approval of that particular transaction.
- (g) The Audit and Risk Committee will conduct periodic review (of not less than half-yearly or such other period as may be determined by the Audit and Risk Committee) of the review procedures for the Interested Person Transactions. If, during these periodic review, the Audit and Risk Committee is of the view that these review procedures are no longer sufficient or appropriate to ensure that the Interested Person Transactions are transacted on normal commercial terms and will not be prejudicial to the interest of the Group and its minority shareholders, the Group will seek a fresh mandate from the Shareholders based on new review procedures for Interested Person Transactions. All new Interested Person Transactions will be reviewed and approved by the Audit and Risk Committee prior to entry while a fresh mandate is being sought from the Shareholders.

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- (h) The Audit and Risk Committee will review the letters of confirmation from key management personnel, Controlling Shareholders and the Directors of the Group on periodic basis (annual basis or such other period as may be determined by the Audit and Risk Committee) and the minutes of such review and its outcome shall be taken.
- (i) For purpose of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any new Interested Person Transaction will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit and Risk Committee's decision during its review of the established review procedures for new Interested Person Transactions or during its review or approval of any new Interested Person Transactions.

3.6.5 Review of other Interested Person Transactions not covered by the IPT Mandate

All other existing and future Interested Person Transactions not subject to the IPT Mandate will be reviewed by the Audit and Risk Committee from time to time in accordance with the requirements of Chapter 9 of the Catalist Rules, to ensure that they are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Audit and Risk Committee will also review the internal audit reports to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines and procedures as stated in **Section 3.6** above are not sufficient to ensure that these Interested Person Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Group will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Catalist Rules) obtain from Shareholders a fresh mandate based on new guidelines and procedures for transactions with Interested Persons pursuant to which additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

In the event that a member of the Board or a member of the Audit and Risk Committee has a conflict of interest in relation to any interested person transaction, he will abstain from reviewing and/or approving (as the case may be) that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing and/or approving (as the case may be) the transaction. The Board will also ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. The Group will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.

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3.7 Disclosure

The Company will announce the aggregate value of all Interested Person Transactions (including Mandated Transactions pursuant to the IPT Mandate) for each financial period on which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such report in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

Disclosure will also be made in the annual report of the Company of the aggregate value of all Interested Person Transactions (including Mandated Transactions pursuant to the IPT Mandate) during the relevant financial period and in the annual reports for the subsequent financial years during which the IPT Mandate is in force, in the following format as stipulated under Rule 907 of the Catalist Rules:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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3.8 Statement from the Audit and Risk Committee

The Audit and Risk Committee have reviewed the review procedures for the Interested Person Transactions with Interested Persons and the other review procedures as proposed by the Company for determining the terms of the Interested Person Transactions, and having also considered, among other things, the rationale for and benefits of the IPT Mandate, the classes of Mandated Interested Persons, the Audit and Risk Committee is satisfied that the review procedures for the Interested Person Transactions, as well as the quarterly reviews to be made by the Audit and Risk Committee in relation thereto, if applied strictly, are sufficient to ensure that the Mandated Transactions will be carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Audit and Risk Committee confirm that: (i) the methods or procedures for determining the Interested Person Transactions prices have not changed since last shareholder approval on 26 October 2017, and (ii) the methods or procedures set out in (i) are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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If the Audit and Risk Committee is of the view that the established guidelines, method, procedures and/or review procedures set out above become inappropriate or insufficient to ensure that the Mandated Transactions are carried out on normal commercial terms and may be prejudicial to the Group and its minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new internal controls and review procedures for transactions with the Interested Persons.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Tan June Teng Colin @ Chen JunTing	–	–	1,138,392,308 ⁽²⁾	82.61 ⁽²⁾
Tan Ping Huang Edwin @ Chen BingHuang	–	–	1,138,392,308 ⁽²⁾	82.61 ⁽²⁾
Wong King Kheng	–	–	–	–
Loh Weng Whye	–	–	–	–
Foo Jong Han Rey	–	–	–	–
Substantial Shareholders (excluding Directors)				
Hatten Holdings Pte. Ltd.	1,138,392,308	82.61	–	–

Notes:

- (1) The percentage of issued share capital is calculated on the basis of 1,378,096,353 Shares, excluding any treasury shares, as at the Latest Practicable Date.
- (2) Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang are deemed interested in the Shares as they are shareholders of Hatten Holdings Pte Ltd.

5. ABSTENTION FROM VOTING

Controlling Shareholders who are Mandated Interested Persons and their Associates shall abstain from voting and undertake to ensure that their Associates will abstain from voting at the AGM 2018 on Ordinary Resolution 9 as set out in the Notice relating to the proposed renewal of the IPT Mandate. Further, the Controlling Shareholders and/or their Associates shall decline appointment as proxies for voting at the AGM 2018 in respect of the aforesaid resolution, unless specific instructions have been given in the proxy form on how the votes are to be cast for the aforesaid resolution. Accordingly, the Company will disregard any votes cast on any resolution by person(s) who are required to abstain from voting by the listing rules or where applicable pursuant to a court order where such court order is served on the Company.

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6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Renewal of Share Buy-Back Mandate

The Directors, all of whom are independent for the purposes of the proposed renewal of the Share Buy-Back Mandate, having considered, *inter alia*, the terms, the rationale and the benefits of the Share Buy-Back Mandate, are of the view that the proposed renewal of Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 8, being the ordinary resolution relating to the proposed renewal of the Share Buy-Back Mandate, at the AGM 2018.

6.2 The Proposed Renewal of the IPT Mandate

Save for Dato' Colin Tan and Dato' Edwin Tan, the Directors of the Company who are independent for the purposes of the proposed renewal of the IPT Mandate having considered, *inter alia*, the rationale and benefits of the IPT Mandate and the statement of the Audit and Risk Committee are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 9, being the resolution relating to the proposed renewal of the IPT Mandate, at the AGM 2018.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate and the proposed renewal of IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

8. ADVICE TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles with specific investment objectives, financial situation, tax position or unique needs or constraints, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

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

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9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #11-02, Singapore 068898, not later than 72 hours before the time fixed for the AGM.

The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM 2018.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM 2018 and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the AGM 2018.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 53 Mohamed Sultan Road #04-02 Singapore 238993 during normal business hours from the date of this Appendix to the date of the forthcoming AGM 2018 scheduled to be held on 25 October 2018:

- (i) the Constitution; and
- (ii) the Annual Report 2018.

Yours faithfully,
For and on behalf of the Board of Directors of
Hatten Land Limited

Dato' Tan June Teng Colin @ Chen JunTing
Executive Chairman and Managing Director