

**CIRCULAR DATED 14 JANUARY 2019**

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

**IF YOU ARE IN DOUBT AS TO ANY ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANKMANAGER, SOLICITOR, ACCOUNTANT, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your shares in the issued share capital of Kimly Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately 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 the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance. Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, Email Address: sponsorship@ppcf.com.sg).



(Company Registration Number 201613903R)  
(Incorporated in the Republic of Singapore on 23 May 2016)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

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

**IMPORTANT DATES AND TIMES**

- Last Date and Time for Lodgement of Proxy Form : 27 January 2019 at 3.00 p.m.
- Date and Time of Extraordinary General Meeting : 30 January 2019 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : The Grassroots’ Club  
190 Ang Mo Kio Avenue 8  
Singapore 568046

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## DEFINITIONS

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

“ <b>ACRA</b> ”	: Accounting and Corporate Regulatory Authority of Singapore
“ <b>Audit Committee</b> ”	: The audit committee of the Company currently comprising of Mr Wee Tian Chwee Jeffrey, Mr Ter Kim Cheu and Mr Lim Teck Chai Danny
“ <b>Catalist</b> ”	: The sponsor-supervised listing platform of the SGX-ST
“ <b>Catalist Rules</b> ”	: The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“ <b>CDP</b> ”	: The Central Depository (Pte) Limited
“ <b>Circular</b> ”	: This circular dated 14 January 2019 issued by the Company to the Shareholders
“ <b>Companies Act</b> ”	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“ <b>Company</b> ”	: Kimly Limited
“ <b>Constitution</b> ”	: The constitution of the Company, as may be amended or modified from time to time
“ <b>Directors</b> ”	: The directors of the Company for the time being (collectively, the “ <b>Board of Directors</b> ”)
“ <b>EAR Group</b> ”	: The Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Catalist Rules
“ <b>EGM</b> ”	: The extraordinary general meeting of the Company, notice of which is given on pages 35 to 38 of this Circular
“ <b>Executive Directors</b> ”	: Mr Lim Hee Liat and Mr Chia Cher Khiang
“ <b>FY</b> ”	: Financial year ended or, as the case may be, ending 30 September
“ <b>Group</b> ”	: The Company and its subsidiaries
“ <b>Independent Director</b> ”	: The Independent Directors of the Company as at the date of this Circular, unless otherwise stated
“ <b>Interested Person</b> ”	: A director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder

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## DEFINITIONS

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- “IPT General Mandate”** : The general mandate from the Shareholders pursuant to Chapter 9 of the Catalist Rules to enable any or all members of our Group, in the ordinary course of their business, to enter into Mandated Transactions with the Mandated Interested Persons which are necessary for our day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders
- “Latest Practicable Date”** : 2 January 2019, being the latest practicable date prior to the printing of this Circular
- “LHL Coffee Shop Leases”** : The 18 lease agreements between CDP Kimly Pte. Ltd. and the LHL Companies in respect of 18 coffee shops
- “LHL Companies”** : Entities which are associates of Mr Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company, which have entered into lease agreements with CDP Kimly Pte. Ltd., an indirect wholly-owned subsidiary of the Company, for the rental of coffee shops
- “Mandated Interested Persons”** : Mr Lim Hee Liat and his associates (each a **“Mandated Interested Person”**)
- “Mandated Transactions”** : Transactions for the rental of coffee shops between the EAR Group and the Mandated Interested Persons, including the renewal of the LHL Coffee Shop Leases, leasing of coffee shops from Mandated Interested Persons other than those which are the subject of the LHL Coffee Shop Leases (**“New Leases”**), and renewal of the New Leases.
- “Market Day”** : A day on which the SGX-ST is open for securities trading
- “NTA”** : Net tangible assets
- “Offer Document”** : The offer document dated 8 March 2017 issued by the Company in connection with its initial public offering and listing on Catalist
- “Register of Members”** : The Register of Members of the Company
- “Securities Accounts”** : Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
- “SFA”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Share Buyback”** : The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Buyback Mandate

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## DEFINITIONS

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- “Share Buyback Mandate”** : The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
- “Shareholders”** : Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained with CDP are credited with those Shares
- “Shares”** : Ordinary shares in the capital of the Company
- “SIC”** : The Securities Industry Council of Singapore
- “Sponsor”** : PrimePartners Corporate Finance Pte. Ltd.
- “Substantial Shareholder”** : A person (including a corporation) who has an interest, directly or indirectly, in 5.0% or more of the total number of voting Shares of the Company
- “Take-Over Code”** : The Singapore Code on Take-overs and Mergers
- “Treasury Shares”** : Issued Shares which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies, and have been held by the Company continuously since purchased
- “S\$”, “\$” and “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent”** : Per centum or percentage

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## DEFINITIONS

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

The expressions “**associate**”, “**associated company**”, “**subsidiary**”, “**controlling shareholder**” and “**substantial shareholder**” shall have the meaning ascribed to them respectively in the Companies Act and the Catalist Rules.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, SFA or Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, SFA or Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

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

Any reference to a date and/or time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

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

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## LETTER TO SHAREHOLDERS

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### KIMLY LIMITED

(Company Registration Number 201613903R)  
(Incorporated in the Republic of Singapore on 23 May 2016)

#### Directors

Mr Lim Hee Liat (Executive Chairman)  
Mr Chia Cher Khiang (Executive Director)  
Mr Ter Kim Cheu (Lead Independent Director)  
Mr Wee Tian Chwee Jeffrey (Independent Director)  
Mr Lim Teck Chai, Danny (Independent Director)  
Ms Wong Kok Yoong (Finance Director)

#### Registered Office

13 Woodlands Link  
Singapore 738725

14 January 2019

To: The Shareholders of Kimly Limited

Dear Sir / Madam

#### 1. INTRODUCTION

**1.1 EGM.** The Directors are convening an EGM to be held on 30 January 2019 at 3.00 p.m. at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. on the same day and at the same place) ("**EGM**") to seek Shareholders' approval for:

- (a) the proposed renewal of the Share Buyback Mandate; and
- (b) the proposed renewal of the IPT General Mandate

(together, the "**Proposed Resolutions**").

**1.2 Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposed Resolutions.

#### 2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

**2.1 Introduction.** 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, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. Regulation 71(2) of the Constitution expressly permits the Company to authorise the Directors in general meeting to purchase or otherwise acquire its issued Shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act. The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the EGM for the renewal of the Share Buyback Mandate.

At the extraordinary general meeting of the Company convened on 23 January 2018 ("**2018 EGM**"), Shareholders had approved the adoption of the Share Buyback Mandate. The authority and limitations of the Share Buyback Mandate were set out in the Company's circular to Shareholders dated 8 January 2018 and the ordinary resolution in the notice of the 2018 EGM dated 8 January 2018, respectively. The authority contained in the Share Buyback Mandate adopted at the 2018 EGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would be expiring on 30 January 2019, being the date of the forthcoming annual general meeting. Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the forthcoming EGM (which will be held following the conclusion or adjournment of the forthcoming annual general meeting).

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## LETTER TO SHAREHOLDERS

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If approved by Shareholders at the EGM, the authority conferred by the Share Buyback Mandate will continue in force until the next annual general meeting of the Company (whereupon it will lapse, unless renewed at such meeting), or the date on which the authority conferred by the Company at general meeting (if so varied or revoked prior to the next annual general meeting), or the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated (if so varied or revoked prior to the next annual general meeting), whichever is the earliest.

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

- (a) in managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- (b) Shares which are purchased or acquired by the Company pursuant to the Share Buyback Mandate and held as Treasury Shares may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share incentive schemes implemented by the Company, including the Kimly Employee Share Option Scheme and the Kimly Performance Share Plan, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of Treasury Shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders;
- (c) the Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising returns 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 Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (d) the Share Buyback Mandate will provide the Company with the flexibility to undertake share buybacks at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. 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 and/or affect the listing status of the Company on the Catalist. 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.

**2.3 Authority and Limits of the Share Buyback Mandate.** The authority and limitations placed on the Share Buyback Mandate, if approved at the EGM, are summarised below:

### **2.3.1 Maximum Number of Shares**

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10.0% of the issued Shares at the date of the EGM at which the Share Buyback Mandate is approved, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

Purely for illustrative purposes, on the basis of 1,157,786,732 Shares in issue as at the Latest Practicable Date and disregarding the 2,889,100 Treasury Shares held as at the Latest Practicable Date and assuming that (i) no further Shares are issued on or prior to the EGM, (ii) no further Shares are purchased and held as Treasury Shares, the purchase or acquisition by the Company of up to the



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## LETTER TO SHAREHOLDERS

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maximum limit of 10.0% of its issued Shares will result in the purchase or acquisition of 115,489,763 Shares.

However, as stated in paragraph 2.2 above and paragraph 2.7 below, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that affect the listing status of the Company on the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 2.9 below.

### 2.3.2 *Duration of Authority*

Purchases or acquisition of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the renewal of the Share Buyback Mandate is approved, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held (whereupon it will lapse, unless renewed at such meeting);
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting); or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

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

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

- (a) on-market purchases, transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose of the Share buyback ("**Market Purchases**"); and/or
- (b) off-market purchases made in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback 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:

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

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## LETTER TO SHAREHOLDERS

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- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (ii) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid and (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-Over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Catalist;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

### 2.3.4 *Purchase Price*

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Buyback Mandate (both Market Purchases and Off-Market Purchases) must not exceed 105.0% of the Average Closing Price of the Shares, 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, 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 Catalist Rules, for any corporate action that occurs after the relevant five (5) Market Day period; and

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

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## LETTER TO SHAREHOLDERS

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**2.4 Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation), unless such Share is held by the Company as a Treasury Share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as Treasury Shares.

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

### **2.5.1 Maximum Holdings**

The aggregate number of Shares held as Treasury Shares cannot at any time exceed 10.0% of the total number of issued Shares. Any Shares held as Treasury Shares in excess of this limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by the ACRA.

### **2.5.2 Voting and Other Rights**

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

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

### **2.5.3 Disposal and Cancellation**

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-Over Code):

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of or pursuant to share schemes implemented by the Company, including the Kimly Employee Share Option Scheme and Kimly Performance Share Plan;
- (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.

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## LETTER TO SHAREHOLDERS

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Under the Rule 704(31) of the Catalist Rules, 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.

- 2.6. Source of Funds.** The Companies Act permits the Company to purchase or acquire its own Shares out of capital or profits so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares, there is no ground on which the Company could be found to be unable to pay its debts, if it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within such period, or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment, and 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 of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will, firstly, consider the availability of internal resources and thereafter consider the availability of external financing.

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

- 2.7 Financial Effects.** It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buyback Mandate on the financial effects as the resultant effect would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies 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 (including any expenses incurred directly in the purchase or acquisition of Shares) 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 dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2018 (“**FY2018**”), are based on the assumptions set out below.

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## LETTER TO SHAREHOLDERS

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### **2.7.1 Number of Shares Acquired or Purchased**

As at the Latest Practicable Date, the Company has 1,157,786,732 Shares in issue, of which 2,889,100 are held as Treasury Shares. The Company does not have any subsidiary holdings.

Purely for illustrative purposes, on the basis of 1,157,786,732 Shares in issue as at the Latest Practicable Date and disregarding the 2,889,100 Treasury Shares held as at the Latest Practicable Date, assuming that (i) no further Shares are issued on or prior to the EGM, (ii) no further Shares are purchased and held as Treasury Shares, not more than 115,489,763 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

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

Assuming that the Company purchases or acquires the 115,489,763 Shares at the Maximum Price of S\$0.25 (being the price equivalent to 105.0% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 115,489,763 Shares is approximately S\$28,872,441.

### **2.7.3 Illustrative Financial Effects**

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.1 and 2.7.2 above as well as the following:

- (a) such purchase or acquisition of Shares is financed by the internal resources of the Company available as at 30 September 2018;
- (b) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects;
- (c) there were no issuances of Shares after the Latest Practicable Date; and
- (d) no Shares were purchased by the Company after the Latest Practicable Date.

the financial effects of the purchase or acquisition of 115,489,763 Shares pursuant to the Share Buyback Mandate:

- (a) by way of purchases made entirely out of capital and held as Treasury Shares;
- (b) by way of purchases made partially out of profits, with the balance out of capital, and held as Treasury Shares;
- (c) by way of purchases made entirely out of capital and cancelled; and
- (d) by way of purchases made partially out of profits, with the balance out of capital, and cancelled,

on certain information derived from the audited financial statements of the Group and the Company for FY2018 are set out below:

## LETTER TO SHAREHOLDERS

- (a) *Purchase or acquisition of 115,489,763 Shares made entirely out of capital and held as Treasury Shares*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b><u>As at 30 September 2018</u></b>				
Share Capital	287,141	287,141	287,141	287,141
Reserves	(233,153)	(233,153)	–	–
Retained earnings	30,441	30,441	9,883	9,883
Treasury Shares	(843)	(29,715)	(843)	(29,715)
<b>Total Shareholders' Equity</b>	<b>83,586</b>	<b>54,714</b>	<b>296,181</b>	<b>267,309</b>
NTA <sup>(1)</sup>	79,289	50,417	296,181	267,309
Current Assets	92,743	63,871	62,186	33,314
Current Liabilities	(30,315)	(30,315)	(7,602)	(7,602)
Total Borrowings	(72)	(72)	–	–
Cash and Cash equivalents	71,669	42,797	38,473	9,601
Number of Shares ('000)	1,154,898	1,039,408	1,154,898	1,039,408
<b>Financial Ratios</b>				
NTA per Share <sup>(2)</sup> (cents)	6.87	4.85	25.65	25.72
Basic EPS <sup>(3) (5)</sup> (cents)	1.89	2.11	1.64	1.82
Current Ratio (times)	3.06	2.11	8.18	4.38
Gearing Ratio <sup>(4)</sup> (times)	– <sup>^</sup>	– <sup>^</sup>	–	–

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**LETTER TO SHAREHOLDERS**

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- (b) *Purchase or acquisition of 115,489,763 Shares made partially out of profits, balance out of capital and held as Treasury Shares*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b><u>As at 30 September 2018</u></b>				
Share Capital	287,141	287,141	287,141	287,141
Reserves	(233,153)	(233,153)	–	–
Retained earnings	30,441	30,441	9,883	9,883
Treasury Shares	(843)	(29,715)	(843)	(29,715)
<b>Total Shareholders' Equity</b>	<b>83,586</b>	<b>54,714</b>	<b>296,181</b>	<b>267,309</b>
NTA <sup>(1)</sup>	79,289	50,417	296,181	267,309
Current Assets	92,743	63,871	62,186	33,314
Current Liabilities	(30,315)	(30,315)	(7,602)	(7,602)
Total Borrowings	(72)	(72)	–	–
Cash and Cash equivalents	71,669	42,797	38,473	9,601
Number of Shares ('000)	1,154,898	1,039,408	1,154,898	1,039,408
<b>Financial Ratios</b>				
NTA per Share <sup>(2)</sup> (cents)	6.87	4.85	25.65	25.72
Basic EPS <sup>(3) (5)</sup> (cents)	1.89	2.11	1.64	1.82
Current Ratio (times)	3.06	2.11	8.18	4.38
Gearing Ratio <sup>(4)</sup> (times)	– <sup>^</sup>	– <sup>^</sup>	–	–

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**LETTER TO SHAREHOLDERS**

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(c) *Purchase or acquisition of 115,489,763 Shares made entirely out of capital and cancelled*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b><u>As at 30 September 2018</u></b>				
Share Capital	287,141	258,269	287,141	258,269
Reserves	(233,153)	(233,153)	–	–
Retained earnings	30,441	30,441	9,883	9,883
Treasury Shares	(843)	(843)	(843)	(843)
<b>Total Shareholders' Equity</b>	<b>83,586</b>	<b>54,714</b>	<b>296,181</b>	<b>267,309</b>
NTA <sup>(1)</sup>	79,289	50,417	296,181	267,309
Current Assets	92,743	63,871	62,186	33,314
Current Liabilities	(30,315)	(30,315)	(7,602)	(7,602)
Total Borrowings	(72)	(72)	–	–
Cash and Cash equivalents	71,669	42,797	38,473	9,601
Number of Shares ('000)	1,154,898	1,039,408	1,154,898	1,039,408
<b>Financial Ratios</b>				
NTA per Share <sup>(2)</sup> (cents)	6.87	4.85	25.65	25.72
Basic EPS <sup>(3) (5)</sup> (cents)	1.89	2.11	1.64	1.82
Current Ratio (times)	3.06	2.11	8.18	4.38
Gearing Ratio <sup>(4)</sup> (times)	– <sup>^</sup>	– <sup>^</sup>	–	–



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- (d) *Purchase or acquisition of 115,489,763 Shares made partially out of profits, balance out of capital and cancelled*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b><u>As at 30 September 2018</u></b>				
Share Capital	287,141	268,152	287,141	268,152
Reserves	(233,153)	(233,153)	–	–
Retained earnings	30,441	20,558	9,883	–
Treasury Shares	(843)	(843)	(843)	(843)
<b>Total Shareholders' Equity</b>	<b>83,586</b>	<b>54,714</b>	<b>296,181</b>	<b>267,309</b>
NTA <sup>(1)</sup>	79,289	50,417	296,181	267,309
Current Assets	92,743	63,871	62,186	33,314
Current Liabilities	(30,315)	(30,315)	(7,602)	(7,602)
Total Borrowings	(72)	(72)	–	–
Cash and Cash equivalents	71,669	42,797	38,473	9,601
Number of Shares ('000)	1,154,898	1,039,408	1,154,898	1,039,408
<b>Financial Ratios</b>				
NTA per Share <sup>(2)</sup> (cents)	6.87	4.85	25.65	25.72
Basic EPS <sup>(3) (5)</sup> (cents)	1.89	2.11	1.64	1.82
Current Ratio (times)	3.06	2.11	8.18	4.38
Gearing Ratio <sup>(4)</sup> (times)	– <sup>^</sup>	– <sup>^</sup>	–	–

**Notes:**

- <sup>(1)</sup> NTA refers to net assets less intangible assets.
- <sup>(2)</sup> NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at 30 September 2018.
- <sup>(3)</sup> Basic Earnings Per Share (EPS) equals to net profit attributable to owners of the Company divided by the weighted average number of Shares (excluding Treasury Shares) during FY2018.
- <sup>(4)</sup> Gearing equals to total bank and other borrowings divided by total shareholders' equity.
- <sup>(5)</sup> Based on the total number of 1,154,897,632 issued Shares (excluding Treasury Shares) before Share Purchase as at the Latest Practicable Date and 1,039,407,869 issued Shares (excluding Treasury Shares) after Share purchase.
- <sup>(6)</sup> <sup>^</sup> ratio less than 0.01

The actual financial effects of the Share Buyback Mandate will depend on the number and purchase price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position 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.

**Shareholders should note that the financial effects set out above are based on the audited financial statements of the Group and the Company for FY2018 and are for illustration purposes only. The analysis above based on the results of the Group and the Company for FY2018 is not necessarily representative of future performance.**

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It should be noted that although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

**2.8 Tax Implications.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

**2.9 Listing Status of the Shares.** The Catalist Rules requires a listed company to ensure that at least 10.0% of the total number of its issued Shares (excluding preference shares, convertible equity securities and Treasury Shares) in a class that is listed on Catalist, is held by public shareholders at all times. The Company does not have any individual shareholding limit or foreign shareholding limit. As at the Latest Practicable Date, approximately 42.38% of the issued Shares are held by public Shareholders. Assuming that the Company repurchased the maximum of 10.0% of its issued Shares at the Latest Practicable Date from the public shareholders, the percentage of Shares held by public shareholders would be approximately 35.97% (excluding Treasury Shares).

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in by public shareholders which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10.0% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the Catalist, and that the remaining number of Shares held by public shareholders will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

**The Board, when purchasing Shares, will ensure (i) that there is a sufficient float for an orderly market in the Company's securities, and (ii) that the listing status of the Shares on Catalist is not affected by such purchase.**

**2.10 Previous Share Buybacks.** The following are details of purchases or acquisitions of Shares made by the Company during the period from 23 January 2018, being the date of the 2018 EGM, to the Latest Practicable Date:

<b>Date of purchase</b>	<b>Number of Shares purchased</b>	<b>Highest price paid per Share</b>	<b>Lowest price paid per Share</b>	<b>Total consideration paid</b>
		<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
5 July 2018	1,500,000	0.360	0.355	540,923.30
6 July 2018	500,000	0.350	0.345	174,038.37
24 August 2018	200,000	0.330	0.330	66,310.73
6 September 2018	197,000	0.325	0.325	64,326.44
11 October 2018	200,000	0.303	0.300	60,784.84
12 December 2018	7,100	0.240	0.240	1,747.53
20 December 2018	140,000	0.240	0.240	33,794.14
21 December 2018	50,000	0.235	0.235	11,817.89
26 December 2018	15,000	0.230	0.230	3,494.28
28 December 2018	80,000	0.235	0.235	18,908.63
<b>Total</b>	<b>2,889,100</b>			<b>976,146.15</b>

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**2.11 Listing Rules.** The Catalist Rules restrict a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5.0% above the “average closing price”, being the average of the closing market prices of the shares over the last five (5) Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period. The Maximum Price for a Share in relation to Market Purchases referred to in paragraph 2.3.4 above complies with this requirement.

Although the Catalist Rules do not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 5.0% above the Average Closing Price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the 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 Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

**2.12 Reporting Requirements.** The Catalist Rules 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 or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase on an equal access scheme, on the second Market Day after the close of acceptances of the offer.

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

The Directors are required under the Companies Act to lodge with the ACRA within 30 days of the purchase or acquisition of Shares on the Catalist the notice of purchase or acquisition of the Shares in the prescribed form and providing certain particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as Treasury Shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

**2.13 Take-over Implications.** Appendix 2 of the Take-Over Code (“**Appendix 2**”) contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### **2.13.1 Obligation to make a Take-Over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-Over Code. If such increase results in a

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

Rule 14.1 of the Take-Over Code requires, *inter alia*, that, except with the consent of the 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 30.0% 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 30.0% but not more than 50.0% 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 1.0% of the 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.

The offer required to be made under the provisions of Rule 14.1 of the Take-Over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, “**Required Price**” means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-Over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-Over Code which is the highest of the highest price paid by the offerors and/ or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six 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 months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-Over Code.

### **2.13.2 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), 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 Take-Over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);

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- (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) 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; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

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

### **2.13.3 Effect of Rule 14 and Appendix 2 of the Take-Over Code**

In general terms, the effect of Rule 14 and Appendix 2 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:

- (a) the voting rights of such Directors and their concert parties would increase to 30.0% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2, 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 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-Over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or SIC and/or other relevant authorities at the earliest opportunity.**

### **2.14 Application of the Take-Over Code**

The details of the shareholdings of the Directors and substantial shareholders of the Company as at the Latest Practicable Date are set out in paragraph 4 below.

As at the Latest Practicable Date, Mr Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company, holds 489,915,165 Shares in the Company, representing 42.42% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) of the Company.

Assuming that there is no change in the number of Shares held or deemed to be held by Mr Lim Hee Liat and his concert parties (collectively the "**Relevant Parties**"), in the event of the purchase or acquisition by the Company of the maximum limit of 10.0% of the issued Shares of the Company (excluding Treasury Shares and any subsidiary holdings), the shareholding interest of Mr Lim Hee Liat in the Company could increase by more than 1.0% in any period of six (6) months. Accordingly, Relevant Parties will be required to make a general offer under Rule 14 of the Take-Over Code.

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As at the Latest Practicable Date, there are no parties acting in concert with Mr Lim Hee Liat.

### **2.14.1 Conditions for Exemption from having to make a General Offer under Rule 14 of the Take-Over Code**

Pursuant to Section 3(a) of Appendix 2 of the Take-Over Code, the Relevant Parties will be exempted from the requirement to make a general offer under Rule 14 of the Take-Over Code if their respective shareholding in the Company increases by more than 1.0% in any six (6) months as a result of any share buyback carried out pursuant to the Share Buyback Mandate, subject to the following conditions:

- (a) the circular to Shareholders seeking their approval for the Share Buyback Mandate will contain:
  - (i) advice to the effect that by voting in favour of the resolution to approve the Share Buyback Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties;
  - (ii) the names and voting rights of the Relevant Parties as at the date of the resolution and after the Company exercises the power under the Share Buyback Mandate in full and purchases 10.0% of the issued Shares;
  - (iii) the resolution to authorise the Share Buyback Mandate is approved by a majority of Shareholders who are present and voting at the EGM on a poll who could not become obliged to make an offer as a result of the Share Buyback by the Company pursuant to the Share Buyback Mandate;
  - (iv) the Relevant Parties will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buyback Mandate;
  - (v) within seven (7) days after the passing of the resolution to approve the Share Buyback Mandate, Mr Lim Hee Liat submits to the SIC a duly signed form as prescribed by the SIC;
  - (vi) the Relevant Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:
    - (1) the date on which the authority of the Share Buyback Mandate expires; and
    - (2) the date on which the Company announces that it has brought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be,if any such acquisitions, taken together with the Share Buyback, would cause their aggregate voting rights to increase by more than 1.0% in the preceding six (6) months.

As such, if the aggregate voting rights held by the Relevant Parties increase by more than 1.0% solely as a result of the Company's buyback of Shares under the Share Buyback Mandate, and none of them has acquired any Shares during the relevant six (6) month period, then the Relevant Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-Over Code, or where such exemption had been granted, would continue to enjoy the exemption.

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If the Company ceases to buyback Shares pursuant to the Share Buyback Mandate and the increase in the aggregate voting rights held by the Relevant Parties as a result of the relevant buyback of Shares at such time is less than 1.0% in any six (6) month period, the Relevant Parties may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buyback of Shares pursuant to the Share Buyback Mandate will be taken into account together with any voting rights acquired by the Relevant Parties by whatever means in determining whether they have increased their aggregate voting rights by more than 1.0% in any six (6) month period.

### **2.14.2 Form 2 Submission to the SIC**

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption from the requirement to make a take-over offer under Rule 14 of the Take-Over Code as a result of the buyback of shares by a listed company under its Share Buyback Mandate.

As at the Latest Practicable Date, Mr Lim Hee Liat has informed the Company that he will be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buyback Mandate.

### **2.14.3 Advice to Shareholders**

**Shareholders should note that by voting for the Share Buyback Mandate, they are waiving their rights to a take-over offer at the required price from the Relevant Parties in the circumstances set out above.**

**Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.**

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

Appendix 2 of the Take-Over Code requires that the resolution to authorise the Share Buyback Mandate 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 under the Take-Over Code as a result of the Share Buyback. Accordingly, the said resolution shall be taken on a poll and the Relevant Parties shall abstain from voting on such resolution.

## **2.15 Interested Persons**

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

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### 3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

**3.1 Background and Annual Renewal of the IPT General Mandate.** On 8 March 2017, the Shareholders had adopted the IPT General Mandate. The terms of the IPT General Mandate were set out in the section entitled "Interested Person Transactions and Potential Conflicts of Interests – General Mandate for Interested Person Transactions" in the Offer Document. At the 2018 EGM, Shareholders had approved the renewal of the IPT General Mandate. The authority and limitations of the IPT General Mandate were set out in the Company's circular to Shareholders and the ordinary resolution in the notice of the 2018 EGM both dated 8 January 2018. The authority contained in the IPT General Mandate adopted at the 2018 EGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would be expiring on 30 January 2019, being the date of the forthcoming annual general meeting. Accordingly, the Directors propose that the IPT General Mandate be renewed at the forthcoming EGM (which will be held following the conclusion or adjournment of the forthcoming annual general meeting).

The IPT General Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Catalist Rules (the "**EAR Group**"), in the ordinary course of business, to enter into the Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

**3.2 Particulars of the IPT General Mandate to be Renewed.** The nature of the Mandated Transactions and the classes of Mandated Interested Persons in respect of which the IPT General Mandate is sought to be renewed remain unchanged. Particulars of the IPT General Mandate, including the rationale for the IPT General Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the Mandated Interested Persons, are set out in paragraph 3.5 of this Circular.

**3.3 Audit Committee's Confirmation.** Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the IPT General Mandate was last approved by Shareholders; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority shareholders.

**3.4 Chapter 9 of the Catalist Rules.** Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that an interested person could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

Pursuant to Rule 905 of the Catalist Rules, an issuer must make an immediate announcement of any interested person transaction of a value, equal to, or more than, 3.0% of the group's latest audited net tangible assets ("**NTA**"). If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited NTA, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Pursuant to Rule 906 of the Catalist Rules, an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:



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## LETTER TO SHAREHOLDERS

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- (a) 5.0% of the group's latest audited NTA; or
- (b) 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. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

Pursuant to Rule 909 of the Catalist Rules, the value of a transaction is the amount at risk to the listed company. This is illustrated by the following examples:

- (a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the listed company's effective interest in that transaction;
- (b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and
- (c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

Based on the audited consolidated financial statements of the Group for FY2018, the consolidated NTA of the Group was S\$83,586,000. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Catalist Rules, in the current financial year and until the audited consolidated financial statements of the Group for the financial year ending 30 September 2019 are published, 5.0% of the Group's latest audited consolidated NTA would be S\$4,179,000.

Part VIII of Chapter 9 of the Catalist Rules allows an issuer to seek a general mandate from its shareholders for recurring transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

For the purposes of Chapter 9 of the Catalist Rules:

- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (b) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30.0% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30.0% or more;
- (c) an "**associated company**" means a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group;

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- (d) an “**entity at risk**” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange;  
or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “listed group”), or the listed group and its interested person(s), has control over the associated company;
- (e) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- (g) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and
- (h) in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Catalist Rules, the following applies:
  - (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

### 3.5 Renewal of the IPT General Mandate

#### 3.5.1 Introduction

The Company anticipates that the EAR Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Catalist Rules), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain a renewal of the IPT General Mandate from its Shareholders to enter into the Mandated Transactions with the Mandated Interested Persons in the EAR Group’s ordinary course of business, which are necessary for the day-to-day operations of the EAR Group, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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

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assets, undertakings or businesses which are not part of its day-to-day operations.

The IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit Committee of the Company of its continued application to the Mandated Transactions.

### **3.5.2 Entities at Risk**

For the purposes of the IPT General Mandate, an “**Entity at Risk**” means:

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

(the “**EAR Group**”).

### **3.5.3 Classes of Mandated Interested Persons**

The IPT General Mandate will apply to the transactions that are carried out between any Entity at Risk and Mr Lim Hee Liat and his associates (the “**Mandated Interested Persons**” and each a “**Mandated Interested Person**”, all being “interested persons” as defined in the Catalist Rules).

Transactions between the Mandated Interested Persons and our Group which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules. In particular, if such a transaction, when aggregate with other transactions entered into with the same interested person during the same financial year, is equal to or more than 5.0% of our Group’s latest audited NTA, such transaction will be subject to Shareholders’ approval before they can be entered into.

### **3.5.4 Categories of Mandated Interested Person Transactions**

The types of transactions with the Mandated Interested Persons to which the IPT General Mandate will apply are the rental of coffee shops between the EAR Group and the Mandated Interested Persons in the ordinary course of business of the Company. The transactions within this category include:

- (a) renewal of the 18 separate lease agreements entered into by CDP Kimly Pte. Ltd., an indirect wholly-owned subsidiary of the Company, with the respective LHL Companies in relation to the rental of the 18 coffee shops (the “**LHL Coffee Shop Leases**”);
- (b) leasing of coffee shops from Mandated Interested Persons other than those which are the subject of the LHL Coffee Shop Leases (“**New Leases**”); and
- (c) renewal of the New Leases,

(the “**Mandated Transactions**”).

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The IPT General Mandate covers only such recurrent Mandated Transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, which are entered into in the ordinary course of business. For the avoidance of doubt, any purchase or sale of any assets, undertakings or businesses are not covered under the IPT General Mandate.

The IPT General Mandate does not cover any transaction by any member of the Group with the Mandated Interested Persons where such transaction is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

### **3.5.5 Rationale for and Benefits of the IPT General Mandate**

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives of the EAR Group and adversely affecting the business opportunities available to the EAR Group.

The IPT General Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate for the financial periods that the Company is required to report on pursuant to Rule 705 of the Catalist Rules (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

### **3.5.6 Review Procedures for Mandated Transactions with Mandated Interested Persons**

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at: (a) arm's length 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; or (b) in any event on terms no less favourable to the Group than prevailing open market rates, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group will adopt the following procedures for the review and approval of Mandated Transactions under the IPT General Mandate:

(a) The following procedures will be adopted in relation to the rental of coffee shops from Mandated Interested Persons:

(i) Rental of Coffee Shops

In relation to the rental of coffee shops from the Mandated Interested Persons (whether new leases or renewal of the existing LHL Coffee Shop Leases or any other lease), which should be upon similar covenants and conditions of lease, the rent payable by the Group to the Mandated Interested Persons shall be at a monthly rent being no higher than an independent valuation conducted not more than two (2) months prior to

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the lease and/or the renewal of the lease (“**Market Rental**”) and no lower than 75.0% of the Market Rental, such cost of valuation to be borne by the Group.

- (ii) In general, the Group will only enter into New Leases or renew the LHL Coffee Shop Leases with the LHL Companies if the Group is satisfied that the rent payable is in line with or better than prevailing market rental rates for comparable spaces, taking into account factors such as the type and variety of food offerings, vibrancy and location of the coffee shop, overall atmosphere of the coffee shops and any other relevant factors that may affect rental rates or terms of the lease.
- (b) The following review and approval procedures will apply to the Mandated Transactions:
- (i) Transactions equal to or exceeding S\$100,000 each in value but below the Financial Limit (as defined below) each in value, will be reviewed and approved by the Chief Financial Officer and a non-interested Executive Director (collectively, the “**Relevant Authorised Persons**”).
  - (ii) Transactions equal to or exceeding the Financial Limit (“**Financial Limit**”) each in value will be reviewed and approved by a majority of the Audit Committee.
  - (iii) Any of the Relevant Authorised Persons, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser’s opinion and/or the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i) and (ii) above, the financial limit shall be the amount equivalent to 5.0% of the Group’s audited consolidated NTA for the time being, as determined by reference to the Group’s latest announced audited consolidated financial statements. For the avoidance of doubt, the value of each Mandated Transaction is based on the total rent payable for the duration of the lease and excludes the option renewal term.

- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
- (i) Under Category (b)(i) above, in the event that any of the Relevant Authorised Persons has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Catalist Rules) of the Relevant Authorised Persons is involved in the decision making process on the part of the Mandated Interested Person, the review and approval process shall be undertaken by the remaining Relevant Authorised Persons who do not have an interest in the transaction or are a nominee for the time being of the Mandated Interested Person, and who are not subject to such conflicts of interest.
  - (ii) In the event that all of the Relevant Authorised Persons have an interest in the transaction, are nominees for the time being of the Mandated Interested Person or have associates (as defined in the Catalist Rules) involved in the decision making process on the part of the Mandated Interested Person or are subject to such conflicts of interest, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) designated by the Chairman of the Audit Committee from time to time for such purpose.

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- (iii) Under Category (b)(ii) above, in the event that a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Catalist Rules) of a member of the Audit Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
- (iv) In the event that a member of the Audit Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) also serves as an Independent Non-Executive Director on the Board of Directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.

The review procedures for the Mandated Transactions with Mandated Interested Persons remain the same as those disclosed in the Offer Document.

### **3.5.7 Additional Guidelines and Review Procedures**

In addition to the guidelines and review procedures set out above, the Group will implement the following additional guidelines to ensure that the Mandated Transactions carried out under the IPT General Mandate are undertaken at arms' length basis and on normal commercial terms:

- (a) The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the IPT General Mandate;
- (b) The Audit Committee will review the internal audit reports on Mandated Transactions to ascertain that the internal control procedures and review procedures for Mandated Transactions have been complied with;
- (c) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and
- (d) The Audit Committee will review the Mandated Transactions on a quarterly basis.

The additional guidelines and review procedures for the Mandated Transactions remain the same as those disclosed in the Offer Document.

### **3.5.8 Review of Non-Mandated Interested Person Transactions and Review by Audit Committee**

All other existing and future interested person transactions not subject to the IPT General Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the Catalist Rules, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. In the event that such interested person

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transactions require the approval of the Board of Directors and the Audit Committee, the relevant information will be submitted to the Board of Directors and the Audit Committee for review. In the event that such interested person transactions require the approval of the Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

The review procedures for all other existing and future interested person transactions not subject to the IPT General Mandate remain the same as those disclosed in the Offer Document.

#### 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

**4.1 Directors' Interests.** As at the Latest Practicable Date, the interests of the Directors in the Shares before and after the Share Buyback pursuant to the Share Buyback Mandate, assuming (a) the Company purchases the 115,489,763 Shares and (b) there is no change in the number of Shares (whether direct or deemed) held by the Directors, are set out below:

Directors	Before the Share Buyback						After the Share Buyback
	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest		Total Interest
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	% <sup>(5)</sup>
Lim Hee Liat <sup>(3)</sup>	449,912,165	38.96	40,000,000	3.46	489,912,165	42.42	47.13
Chia Cher Kiang <sup>(4)</sup>	14,513,391	1.26	2,960,000	0.26	17,473,391	1.51	1.68
Ter Kim Cheu	-	-	-	-	-	-	-
Wee Tian Chwee Jeffrey	-	-	-	-	-	-	-
Lim Teck Chai, Danny	-	-	-	-	-	-	-
Wong Kok Yoong	-	-	-	-	-	-	-

**Notes:**

<sup>(1)</sup> Based on the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

<sup>(2)</sup> Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

<sup>(3)</sup> Mr Lim Hee Liat is deemed to be interested in the Shares registered in the name of Raffles Nominee (Pte) Limited.

<sup>(4)</sup> Mr Chia Cher Kiang is, pursuant to Section 133(4) of the SFA, deemed to have an interest in the Shares which his spouse holds or has an interest in.

<sup>(5)</sup> Assuming the Company purchases or acquires the maximum number of Shares, being 115,489,763 Shares pursuant to the Share Buyback Mandate, the percentage after the Share Buyback is calculated based on 1,039,407,869 Shares.

## LETTER TO SHAREHOLDERS

- 4.2 Substantial Shareholders' Interests.** As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares before and after the Share Buyback pursuant to the Share Buyback Mandate, assuming (a) the Company purchases the 115,489,763 Shares and (b) there is no change in the number of Shares (whether direct or deemed) held by the Substantial Shareholders, are set out below:

Substantial Shareholders (other than Directors)	Before the Share Buyback						After the Share Buyback
	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest		Total Interest
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	% <sup>(3)</sup>
Peh Oon Kee	99,309,105	8.60	-	-	99,309,105	8.60	9.55
Ng Lay Beng	65,984,266	5.71	10,300,000	0.89	76,284,266	6.61	7.34

**Notes:**

<sup>(1)</sup> Based on the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

<sup>(2)</sup> Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

<sup>(3)</sup> Assuming the Company purchases or acquires the maximum number of Shares, being 115,489,763 Shares pursuant to the Share Buyback Mandate, the percentage after the Share Buyback is calculated based on 1,039,407,869 Shares.

## 5. DIRECTORS' RECOMMENDATIONS

- 5.1 The Proposed Renewal of the Share Buyback Mandate.** The Directors (save for Mr Lim Hee Liat) having considered, *inter alia*, the rationale for the proposed renewal of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and its Shareholders.

Accordingly, the Directors (save for Mr Lim Hee Liat) recommend that the Shareholders vote in favour of Ordinary Resolution 1 in relation to the proposed renewal of the Share Buyback Mandate.

In accordance with the exemption referred to in paragraph 2.14 above, Mr Lee Hee Liat has abstained from making any recommendation to the Shareholders on the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate.

- 5.2 The Proposed Renewal of the IPT General Mandate.** Save for Mr Lim Hee Liat, the Directors who are considered independent for the purposes of the proposed renewal of the IPT General Mandate, having considered, *inter alia*, the scope, procedures, rationale and benefits of the IPT General Mandate, are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company and its Shareholders.

Accordingly, the Directors (save for Mr Lim Hee Liat) recommend that the Shareholders vote in favour of Ordinary Resolution 2 in relation to the proposed renewal of the IPT General Mandate.



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## LETTER TO SHAREHOLDERS

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### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 35 to 38 of this Circular, will be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on 30 January 2019 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. at the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions set out in the notice of EGM on pages 35 to 38 of this Circular.

### 7. ABSTENTION FROM VOTING

**7.1 The Proposed Renewal of the Share Buyback Mandate.** Mr Lim Hee Liat and/or parties acting in concert with him (if any) will abstain from voting at the EGM in respect of Ordinary Resolution 1 relating to the proposed renewal of the Share Buyback Mandate, pursuant to the conditions under Appendix 2 of the Take-Over Code as set out in paragraph 2.14 above. Furthermore, such persons shall not act as proxies or otherwise vote on the said resolution, in relation to such resolution unless specific voting instructions have been given.

**7.2 The Proposed Renewal of the IPT General Mandate.** Mr Lim Hee Liat and his associates (if any) will abstain from voting at the EGM in respect of Ordinary Resolution 2 relating to the proposed renewal of the IPT General Mandate. Furthermore, such persons shall not act as proxies or otherwise vote on the said resolution, in relation to such resolution unless specific voting instructions have been given.

### 8. ACTION TO BE TAKEN BY SHAREHOLDERS

**8.1 Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the accompanying Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Registered Office of the Company at 13 Woodlands Link, Singapore 738725, not less than 72 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

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

### 9. DIRECTORS' RESPONSIBILITY STATEMENT

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

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### 10. INSPECTION OF DOCUMENTS

The following documents are available for inspection at 9 Battery Road, #25-01, MYP Centre, Singapore 049910 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for FY2018;
- (b) the Offer Document; and
- (c) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**KIMLY LIMITED**

Chia Cher Khiang  
Executive Director  
14 January 2019

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### KIMLY LIMITED

(Company Registration Number 201613903R)  
(Incorporated in the Republic of Singapore on 23 May 2016)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “**EGM**”) of Kimly Limited (the “**Company**”) will be held at The Grassroots’ Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Wednesday, 30 January 2019 at 3.00 p.m. (or as soon as practicable after the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below as ordinary resolutions:

Capitalised terms not defined herein shall refer to the definitions set out in the circular to shareholders dated 14 January 2019 (the “**Circular**”).

### ORDINARY RESOLUTION 1 – THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchases transacted through the SGX-ST’s trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose of the Share buyback (“**Market Purchases**”); and/or
  - (ii) off-market purchases made in accordance with an equal access scheme as defined in Section 76C of the Companies Act (“**Off-Market Purchases**”),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held;
  - (ii) the date on which the next annual general meeting of the Company is required by law to be held; and
  - (iii) 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;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(c) in this Resolution:

**“Average Closing Price”** means:

- (i) in the case of a Market Purchase, 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, immediately preceding the date of the Market Purchase by the Company; or
- (ii) in the case of an Off-Market Purchase, 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, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five (5)-day period;

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

**“Market Day”** means a day on which the SGX-ST is open for trading in securities;

**“Maximum Percentage”** means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution; and

**“Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105.0% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

### **ORDINARY RESOLUTION 2 – THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the Circular with any Mandated Interested Persons described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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- (c) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board of Directors

Loh Lee Eng  
Joint Company Secretary  
14 January 2019

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. A member (other than a Relevant Intermediary\*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13 Woodlands Link, Singapore 738725, not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# KIMLY LIMITED

(Incorporated in Singapore)

(Registration No. 201613903R)

## IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/ Passport Number/ Company Regn. No.)  
of \_\_\_\_\_ (Address)

being a member/members of KIMLY LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Wednesday, 30 January 2019 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place) and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of the EGM in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the EGM or at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1	The Proposed Renewal of the Share Buyback Mandate ( <b>Resolution 1</b> )		
2	The Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions ( <b>Resolution 2</b> )		

\* If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature(s) of member(s)  
or Common Seal of Corporate Shareholder

Total Number of Shares held in:	
CDP Register	
Register of Members	

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 13 Woodlands Link, Singapore 738725 not less than 72 hours before the time set for the meeting.
4. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who hold shares under the Supplementary Retirement Scheme ("SRS Investor") (as may applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as his proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 January 2019.