
LETTER TO SHAREHOLDERS



ABUNDANCE INTERNATIONAL LIMITED

(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration Number 197501572K)

This Letter to Shareholders has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This Letter to Shareholders has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Letter to Shareholders including the correctness of any of the statements or opinions made or reports contained in this Letter to Shareholders.

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Board of Directors:

Shi Jiangang (*Executive Chairman*)
Chan Charlie (*Managing Director*)
Ong Kwee Cheng (Dora) (*Alternate Director to Chan Charlie*)
Sam Kok Yin (*Executive Director*)
Chan Cher Boon (*Lead Independent Director*)
Tham Hock Chee (*Independent Director*)
Francis Yau Thiam Hwa (*Independent Director*)

Registered Office:

9 Joo Koon Circle
Singapore 629041

14 April 2016

To: The Shareholders of Abundance International Limited

Dear Sir/Madam

RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE (THE "IPT MANDATE")

1. BACKGROUND

- 1.1 We refer to (a) the Notice of Annual General Meeting of Abundance International Limited (the "Company" and together with its subsidiaries, the "Group") dated 14 April 2016 (the "Notice of AGM"), accompanying the Annual Report of the Company for the financial period from 1 October 2014 to 31 December 2015 (the "2015 Annual Report"), convening the Annual General Meeting of the Company (the "2016 AGM") which is scheduled to be held on 29 April 2016, and (b) Ordinary Resolution 8 in respect of the renewal of the IPT Mandate under the heading "Special Business" set out in the Notice of AGM.
- 1.2 **The Singapore Exchange Securities Trading Limited ("SGX-ST") takes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Letter.**

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2. RENEWAL OF THE IPT MANDATE

2.1 The Existing IPT Mandate

At the Extraordinary General Meeting of the Company held on 19 August 2015, the holders (the “**Shareholders**”) of issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) had approved the grant of the IPT Mandate pursuant to Chapter 9 of the Listing Manual (Section B: Rules of Catalist) (the “**Catalist Rules**”). The IPT Mandate permits the Company, its subsidiaries and associated companies (the “**EAR Group**”) that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into interested person transactions (the “**IPTs**”) with the Interested Persons (as defined in the Appendix to this Letter), provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders and (ii) in accordance with the review procedures for such IPTs. Particulars of the IPT Mandate are set out in the Circular to Shareholders dated 28 July 2015 (the “**2015 Circular to Shareholders**”).

2.2 Proposed Renewal of the IPT Mandate

2.2.1 The IPT Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company, being the 2016 AGM. Accordingly, the directors of the Company as at the date of this Letter (the “**Directors**”) propose that the IPT Mandate be renewed at the 2016 AGM, to continue in force until the conclusion of the next annual general meeting of the Company.

2.2.2 The particulars of the IPTs in respect of which the IPT Mandate is sought to be renewed remain unchanged.

2.3 Details of the IPT Mandate

Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the guidelines and review procedures for the IPT Mandate and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

3.1 The interests of the Directors and the substantial Shareholders in the share capital of the Company as at the latest practicable date prior to the printing of this Letter, being 8 April 2016 (the “**Latest Practicable Date**”) are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾⁽⁶⁾	No. of Shares	% ⁽¹⁾⁽⁶⁾	No. of Shares	% ⁽¹⁾⁽⁶⁾
Director						
Mr Shi Jiangang	185,000,000	39.53	-(2)	-	323,750,000	39.53
Mr Sam Kok Yin	95,252,100	20.35	10,159,000 ⁽³⁾	2.17	176,661,100	22.52
Mdm Ong Kwee Cheng (Dora) ⁽⁴⁾	19,151,359	4.09	96,488,896	20.62	115,640,255	24.71
Mr Chan Charlie ⁽⁴⁾	10,988,896	2.35	104,651,359	22.36	115,640,255	24.71
Mr Chan Cher Boon	-	-	-	-	-	-
Mr Tham Hock Chee	-	-	-	-	-	-
Mr Francis Yau Thiam Hwa	-	-	-	-	-	-

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Substantial Shareholder

Mr Shi Jiangang	185,000,000	39.53	- ⁽²⁾	-	323,750,000	39.53
Mr Sam Kok Yin	95,252,100	20.35	10,159,000 ⁽³⁾	2.17	176,661,100	22.52
Chan & Ong Holdings Pte Ltd ⁽⁵⁾	85,500,000	18.27	-	-	85,500,000	18.27
Mdm Ong Kwee Cheng (Dora) ⁽⁴⁾	19,151,359	4.09	96,488,896	20.62	115,640,255	24.71
Mr Chan Charlie ⁽⁴⁾	10,988,896	2.35	104,651,359	22.36	115,640,255	24.71

Notes:

- (1) Calculated based on 468,000,000 Shares in the capital of the Company as at the Latest Practicable Date.
 - (2) This table excludes Mr Shi Jiangang's deemed interest in 138,750,000 unissued Shares that will be issued to him in the event of the exercise of the call option granted to him. Such unissued Shares constitute 20.45% of the enlarged share capital of the Company, being 678,000,000 Shares, assuming that the call options granted to both Mr Shi Jiangang and Mr Sam Kok Yin are exercised.
 - (3) Mr Sam Kok Yin is deemed interested in 10,159,000 Shares held by his wife, Ms Tan Hui Har. This table excludes Mr Sam Kok Yin's deemed interest in 71,250,000 unissued Shares that will be issued to him in the event of the exercise of the call option granted to him. Such unissued Shares constitute 10.51% of the enlarged share capital of the Company, being 678,000,000 Shares, assuming that the call options granted to both Mr Shi Jiangang and Mr Sam Kok Yin are exercised.
 - (4) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie are deemed to be interested in each other's shareholdings as they are spouses.
 - (5) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie have shareholding interests of 77% and 23% respectively in Chan & Ong Holdings Pte Ltd and accordingly are deemed to be interested in the 85,500,000 Shares held by Chan & Ong Holdings Pte Ltd.
 - (6) Any discrepancies in figures between the amounts listed and their actual values are due to rounding.
- 3.2 Other than Mr Shi Jiangang's interest in the IPT Mandate, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company), in the IPT Mandate.

4. STATEMENT FROM THE AUDIT COMMITTEE

- 4.1 As at the Latest Practicable Date, the audit committee of the Company (the "Audit Committee") comprises Mr Francis Yau Thiam Hwa, Mr Chan Cher Boon and Mr Tham Hock Chee. Having reviewed the terms, rationale and benefit of the IPT Mandate, the Audit Committee is of the view that the proposed renewal of the IPT Mandate and the guidelines and review procedures for the IPT Mandate as set out in section 6 of the Appendix, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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4.2 The Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the Extraordinary General Meeting held on 19 August 2015, during which Shareholders' approval was obtained for the IPT Mandate; and
- (b) the methods or procedures in referred to in sub-paragraph (a) above are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. APPROVALS AND DIRECTORS' RECOMMENDATION

5.1 Having considered, *inter alia*, the rationale of the IPT Mandate, the Board (other than Mr Shi Jiangang, who has refrained from making any recommendation) is of the view that the renewal of the IPT Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution as set out in the Notice of AGM in respect of the renewal of the IPT Mandate.

5.2 The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

6. ABSTENTION FROM VOTING

6.1 In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Persons will abstain and have undertaken to ensure that their Associates (as defined in the Appendix to this Letter) will abstain from voting on the ordinary resolution in respect of the renewal of the IPT Mandate. As such, Mr Shi Jiangang and his Associates shall abstain from voting at the 2016 AGM on the ordinary resolution in respect of the renewal of the IPT Mandate.

6.2 Mr Shi Jiangang and his Associates will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution in respect of the renewal of the IPT Mandate, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 9 Joo Koon Circle, Singapore 629041 during normal business hours from the date of this Letter up to and including the time and date of the 2016 AGM:

- (a) the annual report of the Company for the financial period from 1 October 2014 to 31 December 2015; and
- (b) the 2015 Circular to Shareholders.

Yours faithfully
For and on behalf of the Board of Directors of
ABUNDANCE INTERNATIONAL LIMITED

Sam Kok Yin
Executive Director

APPENDIX – DETAILS OF THE IPT MANDATE

1 Chapter 9 of the Catalist Rules

1.1 Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an “**entity at risk**”) 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 interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

1.2 Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), unless the transaction is excluded as described below, the listed company is required to make an immediate announcement for an interested person transaction of a value equal to, or exceeding:

- (a) 3% of the listed company’s latest audited consolidated NTA; or
- (b) 3% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

Shareholders’ approval (in addition to an immediate announcement) is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA; or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

These requirements do not apply to transactions that are below S\$100,000 each or 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 are excluded from the ambit of Chapter 9 of the Catalist Rules.

1.3 Based on the latest audited consolidated financial statements of the Group for the financial period from 1 October 2014 to 31 December 2015, the consolidated NTA of the Group was S\$23.27 million. Accordingly, in relation to the Group, for the purpose of Chapter 9 of the Catalist Rules, in the current financial year and until such time as the audited consolidated financial statements of the Group for the current financial year are published, Shareholders’ approval is required where:

- (a) the IPT is of a value equal to, or more than, approximately S\$1.16 million, being 5% of the latest audited consolidated NTA of the Group; or
- (b) the IPT, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately S\$1.16 million.

1.4 Chapter 9 of the Catalist Rules, however, allows a listed company to seek a general mandate from its shareholders for recurrent 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 for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

1.5 For the purposes of Chapter 9 of the Catalist Rules:

- (a) an “**entity at risk**” means the issuer, a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange, or an associated company of the issuer that is not listed on

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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;

- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (c) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (d) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more (“**Associates**”);
- (e) an “**approved exchange**” means a stock exchange that has rules which safeguard the interest of shareholders against interested person transactions according to similar principles as Chapter 9 of the Catalist Rules;
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (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.

2 Overview of the IPT Mandate

- 2.1 At the Extraordinary General Meeting of the Company held on 19 August 2015, the Shareholders had approved of the Company’s diversification into, *inter alia*, the new business of chemicals manufacturing, trading, storage and/or the manufacture or trading of equipment, accessories, consumables or peripherals used in the chemical industry and other related business (the “**Chemical Business**”). As an initial step, the Company has entered into the Chemical Business via a trading and distribution model. The focus has been on the trading of chemicals used primarily for industrial applications which are likely to consist of mainly commodity chemicals and, to a lesser extent, specialty chemicals. This trading business is based primarily in Singapore and Shanghai in the People’s Republic of China (“**PRC**”).
- 2.2 Mr Shi Jiangang, the Executive Chairman of the Company, currently holds interests in two chemical manufacturing companies, namely Kellin Chemicals (Zhangjiagang) Co.,Ltd (凯凌化工(张家港)有限公司) (“**Kellin Chemicals**”) and Jiangsu Feymer Technology Co.,Ltd (江苏富森科技股份有限公司) (“**Jiangsu Feymer**”), which are expected to have transactions with the EAR Group. Mr Shi Jiangang holds shareholding interests of 97% and 80% in Feixiang Holdings Pte Ltd and Jiangsu Feixiang Chemical Co., Ltd respectively, which in turn hold shareholding interest of 100% and 77.05% in Kellin Chemicals and Jiangsu Feymer respectively. Kellin Chemicals and Jiangsu Feymer are therefore Associates of Mr Shi Jiangang, and accordingly are interested persons pursuant to Chapter 9 of the Catalist Rules (the “**Interested Persons**”).
- 2.3 As part of the Chemical Business, the EAR Group (including but not limited to Orient-Salt Chemicals Pte. Ltd. and its subsidiary in the PRC) may purchase products related to the Chemical Business, including without limitation isopropanol and ethanol, from the Interested Persons for resale and

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distribution to third parties. The EAR Group may sell products related to the Chemical Business, including without limitation acetone and acetic acid, sourced from third parties to the Interested Persons.

- 2.4 In view of the above, the purchase of products from and/or the sale of products to the Interested Persons in relation to the Chemical Business will constitute IPTs pursuant to Chapter 9 of the Catalist Rules. The Company therefore wishes to seek the approval of Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the adoption of the IPT Mandate in respect of future transactions that the EAR Group may enter into with the Interested Persons.

3 Rationale for the IPT Mandate and Benefits to the Group

- 3.1 In view of the time-sensitive and recurrent nature of commercial transactions, obtaining the IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable the EAR Group, in the ordinary course of business, to enter into the categories of transactions set out in section 5 of this Appendix, with the specified classes of the Company's interested persons as set out in section 2.2 of this Appendix, without being separately subject to Rule 905 and Rule 906 of the Catalist Rules, provided such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 3.2 The IPT Mandate will enhance the EAR Group's ability to pursue business opportunities which are time-sensitive, revenue and trading in nature, and will eliminate the need for the Company to announce and convene separate general meetings on each occasion to announce, or to announce and convene separate general meetings on each occasion to seek Shareholder's prior approval for the entry by the relevant entity in the EAR Group into such IPTs. As such IPTs are also carried out by the EAR Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.
- 3.3 The IPT Mandate is intended to facilitate the IPTs in the day-to-day operations of the EAR Group that may be transacted from time to time with the Interested Person, provided that they are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

4 Classes of Interested Persons

The IPT Mandate will apply to the IPTs that are carried out between the EAR Group and the Interested Persons in relation to the Chemical Business.

5 Nature and Scope of the IPT Mandate

- 5.1 The IPT Mandate will cover the IPTs, in the ordinary course of business, in relation to the purchase of products from and/or the sale of products to any of the Interested Persons by the EAR Group.
- 5.2 The IPTs are recurrent transactions of a revenue or trading nature, entered into in the ordinary course of business, and are necessary for the Group's day-to-day operations.
- 5.3 For the avoidance of doubt, any purchase or sale of assets, undertakings or businesses will not fall within the ambit of the IPT Mandate.
- 5.4 The IPT Mandate will not cover any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

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

6 Guidelines and Review Procedures for the IPTs

6.1 Review Procedures

To ensure that the IPTs are 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, the Company has put in place the following procedures for the review and approval of the IPTs under the IPT Mandate:

- (a) the financial controller of the Group and the financial controller of the relevant EAR Group entity entering into the IPT (each having no interest, direct or indirect, in the IPT) (collectively, the "**Finance Team**") shall review quotations obtained from the Interested Person and at least two other quotes from unrelated third parties for the sale and/or purchase of products. The EAR Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors including, *inter alia*, the nature of chemical products, quantity of chemical products, availability of the chemical product, credit terms, delivery requirements, transportation costs and storage costs, are no less favourable than that offered by the unrelated third parties, when compared to at least two latest similar transactions between the EAR Group and unrelated third parties; and
- (b) where it is not possible to compare the terms of a IPT against the terms of other transactions with unrelated third parties, the Finance Team will consider whether the pricing of the IPTs is in accordance with the EAR Group's usual business practices and pricing policies, and consistent with the usual unit costs (i.e. the unit costs chargeable by third parties at market rate for similar products supplied by them) to be obtained for the same or substantially similar types of products, to determine whether the relevant transaction is carried out at arm's length and on normal commercial terms. In determining the transaction price, the Finance Team will consider whether factors including without limitation the nature of chemical products, quantity of chemical products, availability of the chemical product, credit terms, delivery requirements, transportation costs, storage costs and track record or otherwise are in accordance with industry norms.

6.2 Approval by Directors and Audit Committee

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures and ensure that the IPTs carried out under the IPT Mandate are undertaken on an arms' length basis and on normal commercial terms:

- (a) the review and approval of the Group's financial controller and any one Director (each having no interest, direct or indirect, in the IPT) is required for any IPT where the value thereof is equivalent to or greater than S\$100,000 but below 3% of the Group's latest audited NTA;
- (b) the review and approval of the Group's financial controller and any two Directors (each having no interest, direct or indirect, in the IPT) is required for any IPT where the value thereof is equal to or above 3% but below 8% of the Group's latest audited NTA; and
- (c) the review and approval of the Audit Committee is required for any IPT where the value thereof is equal to or above 8% of the Group's latest audited NTA. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources.

The approval thresholds set out above will be adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the IPTs, as well as the EAR Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of a

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balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for the IPTs. In particular, the Company has considered that the chemicals trading business is characteristically a high volume and low margin business. As such, the transaction amounts and frequencies of the transactions may be very high even though the profit margins derived from these transactions are low.

In addition, the above review includes the examination of the IPT and its supporting documents or such other data deemed necessary by the Director or the Audit Committee. The Finance Team will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the IPTs under review.

6.3 *Periodic Review Procedures*

The EAR Group has also implemented the following procedures for the identification of Interested Persons and the record of all IPTs:

- (a) The Finance Team will maintain a list of the Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed quarterly by the Group's financial controller and subject to such verifications or declarations as required by the Audit Committee from time to time or for such period as determined by them. This list of the Interested Persons shall be disseminated to all staff of the Group that the Finance Team considers relevant for the purpose of entering into transactions that fall under the IPT Mandate.
- (b) The Finance Team will maintain a register of transactions carried out with the Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the "**IPT Register**"). Any discrepancies or significant variances (as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The IPT Register will also record any transaction with an Interested Person that is below S\$100,000 in value, though such transactions are not covered under the IPT Mandate.
- (c) The Audit Committee shall, at least on a quarterly basis, periodically review the IPT Register to ensure that the IPTs are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the IPT Mandate. All relevant non-quantitative factors will also be taken into account, including but not limited to customer requirements, specification compliance, delivery schedules, track record, experience and expertise. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary.
- (d) The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate. The Group's internal auditor shall, on a yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.
- (e) As part of the Group's annual audit, external auditors will review the IPTs on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.
- (f) The Audit Committee and the Board shall review the internal audit reports to ascertain that the guidelines and review procedures under the IPT Mandate have been complied with and have overall responsibility for the determination of such guidelines and review procedures with the authority to sub-delegate to individuals or committees within the Company as they

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deem appropriate. In addition, the Audit Committee shall also review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that all IPTs are conducted on normal commercial terms.

- (g) If during its periodic reviews the Audit Committee is of the view that the proposed review procedures and guidelines in place have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the IPTs will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will seek a fresh mandate from the Shareholders based on the new review procedures and guidelines for the IPTs.

6.4 *Interested Audit Committee Member to Abstain*

In the event that a member of the Audit Committee (where applicable) is interested (directly or indirectly) in any IPT, he will abstain from reviewing that particular transaction to ensure that the IPT will be carried out on normal commercial terms and not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

7 **Validity Period of the IPT Mandate**

The IPT Mandate is subject to Shareholders' approval at the 2016 AGM. If approved by the Shareholders at the 2016 AGM, the IPT Mandate will take effect from the date of the passing of the ordinary resolution as set out in the Notice of AGM in respect of the renewal of the IPT Mandate, and will continue in force until the conclusion of the next annual general meeting of the Company (unless revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting, subject to satisfactory review by the Audit Committee of the continued requirement of the IPT Mandate and the continued sufficiency of the review procedures to ensure that the transactions with Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

8 **Disclosure**

8.1 In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it 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.

APPENDIX – DETAILS OF THE IPT MANDATE

- 8.2 The name of the Interested Person and the corresponding aggregate value of the IPT will be presented in the following format:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
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- 8.3 There were no transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial period from 1 October 2014 to 31 December 2015. This has been disclosed in the 2015 Annual Report of the Company. Disclosure will be made in the Company's Annual Reports of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for subsequent financial years that the IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.