

CHINA HAIDA LTD.

(Incorporated in Singapore on 18 August 2004)
(Company Registration Number. 200410428C)

APPENDICES TO THE NOTICE OF ELEVENTH ANNUAL GENERAL MEETING OF CHINA HAIDA LTD. (THE “COMPANY”) DATED 10 APRIL 2015

Shareholders are to note that the IPT Mandate (as defined below) has been amended to expand the classes of Interested Person to include a new Interested Person, namely Jiangsu Haida Technology Co., Ltd.

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

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statement made, opinions expressed or reports contained in these Appendices.

APPENDIX A

THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

- 1.1 Proposed Resolution No. 7 in the Notice of the Eleventh Annual General Meeting (the “**11th AGM**”) relates to the renewal of a general mandate (the “**IPT Mandate**”) to authorise the Company and its subsidiary that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company’s interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The purpose of this Appendix A is to provide Shareholders with information pertaining to the IPT Mandate.
- 1.2 At an extraordinary general meeting of the Company held on 26 April 2007, the Shareholders had granted the IPT Mandate to enable the Company and its subsidiaries (the “**Group**”) to enter in the ordinary course of business into certain specified classes of transactions with certain specified interested persons.

At the annual general meeting of the Company held on 25 April 2008, 24 April 2009, 28 April 2010, 21 April 2011, 26 April 2012, 25 April 2013 and 29 April 2014 respectively, the Shareholders had renewed the IPT Mandate.

The IPT Mandate will expire on the date of the forthcoming 11th AGM. Accordingly, it is proposed that the IPT Mandate be renewed at the 11th AGM, to take effect until the next annual general meeting of the Company. General information pertaining to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is set out in Appendix A.

2. RATIONALE FOR THE IPT MANDATE AND RATIONALE FOR EXPANDING CLASS OF INTERESTED PERSON TRANSACTION

2.1 Rationale for IPT Mandate

- (i) It is envisaged that in the ordinary course of business, transactions between the Group and the Group's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the Group to the Group's interested persons or the obtaining of goods and services from them.
- (ii) Under Chapter 9 of the Listing Manual, a listed company may obtain a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations but not in respect of purchase or sale of assets, undertakings or businesses.
- (iii) The Executive Directors are of the view that it will be beneficial to the Group, in the ordinary course of business, to enter into the categories of transactions (the "**Interested Person Transactions**") set out in paragraph 3.2 below with the classes of the Group's interested persons (the "**Interested Persons**") set out in paragraph 3.1 below. These categories of transactions are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.
- (iv) In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the IPT Mandate to enter into certain interested person transactions in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

2.2 Rationale for expanding class of Interested Person

Other than those rationale set out in paragraph 2.1 above, the Executive Directors are of the view that it is in the interest of the Group to expand the class of Interested Person under the IPT Mandate to include Jiangsu Haida Technology Co., Ltd ("**Jiangsu Haida Technology**") for the reasons set out below:–

- (a) Jiangsu Haida Technology has recently expanded its business to venture into the export of aluminium related materials for the use in the industrial segments. As a result, it has to procure the aluminium related materials. It began approaching the Company's wholly-owned subsidiary, Jiangyin Litai Decorative Materials Co., Ltd. ("**Jiangyin Litai**") for the supply of aluminium related materials in particular aluminium composite panels ("**ACP**") and aluminium single panels ("**ASP**") in FY2014.
- (b) In FY2014, Jiangsu Haida Technology transacted with Jiangyin Litai for ACP and ASP on a regular basis. Further details of the transactions between Jiangyin Litai and Jiangsu Haida Technology are set out in paragraph 3.2 below. The Executive Directors are of the view that it will be beneficial to the Group, in the ordinary course of business, to continue to enter into such Interested Person Transaction with Jiangsu Haida Technology. These transactions are recurring transactions which are likely to occur with some degree of frequency and may arise at any time and from time to time.

- (c) In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the IPT Mandate to enter into these interested person transactions with Jiangsu Haida Technology in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

3. SCOPE OF THE IPT MANDATE

3.1 Classes of Interested Persons

The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 3.2 below) which are carried out with the following classes of Interested Persons:

- (i) Jiangyin Haida Group Co., Ltd (“**Jiangyin Haida**”);
- (ii) Jiangyin East-China Aluminium Technology Co., Ltd. (“**Jiangyin East-China**”) (formerly known as Jiangyin Haida Decorative Materials Co., Ltd); and
- (iii) Jiangsu Haida Technology, the additional class of Interested Person.

collectively the “Interested Persons” and each an “Interested Person”.

Details of each of the classes of interested persons are as follows:–

Jiangyin Haida

Jiangyin Haida is a company established in the People’s Republic of China (the “**PRC**”) and engages in the manufacture and sale of aluminium related products for the telecommunications industry. Our Non-Executive Chairman, Ms Zhao Guiying and her son, Mr Xu Yu, own in aggregate 57.0% in Jiangyin Haida. Ms Zhao Guiying and Mr Xu Yu are also the directors of Jiangyin Haida.

Jiangyin East-China

Jiangyin East-China is a company established in the PRC and is principally engaged in the manufacture and sale of aluminium sliding windows, doors and other aluminium fittings for industrial purposes. Jiangyin East-China is 15% and 40% owned by China Delta Ltd (“**China Delta**”) and Jiangyin Haida respectively. China Delta is a controlling Shareholder of the Company and is in aggregate 90% owned by our Chief Executive Officer, Mr Xu Youcai and our Non-Executive Chairman, Ms Zhao Guiying.

Jiangsu Haida Technology

Jiangsu Haida Technology is a company established in the PRC in 14 July 2006 and is principally engaged in the export business of tinsplate and aluminium related products. They are also engaged in the research and development (“**R&D**”) as well as innovation of aluminium and iron related products for industrial purposes. Jiangsu Haida Technology also acts as an intermediary for the export of commercial goods and technological products.

It is 41% owned by Jiangyin Fu Aote Trade Co., Ltd., 14% owned Mr Yi Ruifa and 45% owned by our Chief Executive Officer, Mr Xu Youcai, respectively.

Neither Jiangyin Fu Aote Trade Co., Ltd., nor Mr Yi Ruifa is related to any of the Directors or Substantial Shareholders of the Company.

3.2 Categories of Interested Person Transactions

The Interested Person Transactions with the Interested Persons (as described in paragraph 3.1 above) which will be covered by the IPT Mandate is set out below:

- (i) Purchase of aluminium coils and aluminium sheets from Jiangyin Haida.

Jiangyin Litai, in its ordinary course of business, purchases coated aluminium coils and aluminium sheets from Jiangyin Haida for the manufacture of its aluminium panel products. The paint used by Jiangyin Haida for the coating process of aluminium coils will be supplied by Jiangyin Litai. The Company believes that it will be beneficial for Jiangyin Litai to continue to purchase aluminium coils and aluminium sheets from Jiangyin Haida as the latter has been able to provide Jiangyin Litai with quality products on a timely basis. The close working relationship fostered over the years has ensured timely delivery of products, which satisfies Jiangyin Litai's strict quality requirements. Further, as the aluminium coils and aluminium sheets are stored in Jiangyin Haida's premises, there is no need for Jiangyin Litai to expand additional resources for its storage and handling. For FY2014, the value of the purchase of aluminium coils and aluminium sheets from Jiangyin Haida was approximately RMB163,938,000 and the value of the reimbursements of raw material from Jiangyin Haida was RMB1,755,000.

- (ii) Electricity power expenses sharing agreement with Jiangyin Haida.

Jiangyin Litai is located in close proximity with Jiangyin Haida and they share the same electricity meter, provided by the relevant authority to Jiangyin Litai. Consequently, the relevant authority bills Jiangyin Litai for the electricity consumed, which includes the electricity consumed by Jiangyin Haida. For the purpose of proper cost allocation and to ensure that Jiangyin Litai is reimbursed, the latter has installed separate electricity meters internally so that it is able to record Jiangyin Haida's actual utility usage. Jiangyin Litai and Jiangyin Haida have entered into an electricity power expense sharing agreement whereby Jiangyin Haida will reimburse Jiangyin Litai for the amount of their utilities consumed. For FY2014, the reimbursement from Jiangyin Haida was approximately RMB2,336,000.

- (iii) Provision of spray-painting services, sales of ACP, sales of paint to and purchase of aluminium sheets from Jiangyin East-China.

Since May 2005, Jiangyin Litai has, from time to time, in its ordinary course of business, provided spray-painting services to Jiangyin East-China. Some of the products manufactured by Jiangyin East-China have to be spray-painted before delivery to its customers. Jiangyin East-China has outsourced the spray-painting works to certain unrelated external vendors from time to time. However, at times, these vendors are not able to deliver their services on a timely manner mainly due to capacity and logistics reasons. As Jiangyin Litai has the capacity to perform such spray-painting services without affecting its principal operations and is in the vicinity of Jiangyin East-China, Jiangyin East-China has from time to time outsourced the spray-painting work to Jiangyin Litai as it is able to provide comparable service at comparable commercial prices to those of the unrelated external vendors. For FY2014, the sales of spray-painting services, sales of ACP and paint to Jiangyin East-China were approximately RMB50,738,000, RMB156,000 and RMB23,000 respectively. In addition, the reimbursement of utilities from Jiangyin East-China was approximately RMB1,292,000 during the year.

For FY2014, Jiangyin Litai purchased approximately RMB1,696,000 worth of aluminium sheets from Jiangyin East-China and reimbursed processing fees of RMB4,000 to Jiangyin East-China.

- (iv) Commencing from FY2014, Jiangyin Litai has been selling ACP and ASP to Jiangsu Haida Technology. For FY2014, the sale of ACP to Jiangsu Haida Technology was RMB4,791,000 which is approximately 1.8% of the Company's net tangible assets ("NTA"), while the sale of ASP was RMB46,186.

The sales of ACP and ASP to Jiangsu Haida Technology are transacted on an arm's length basis based on the current market prices of ACP and ASP. The selling prices quoted to Jiangsu Haida Technology are also similar and consistent with quotes provided to other customers of Jiangyin Litai.

Based on the information provided by Jiangsu Haida Technology, the sales of ACP in FY2014 were mainly used by Jiangsu Haida Technology for its internal consumption and for export sales to its existing customer network which primarily comprises of customers from the industrial segment. The Group currently does not have such existing sales network to the industrial segment. The Group is the exclusive supplier to Jiangsu Haida Technology for ACP and ASP products. In addition, Jiangsu Haida Technology has also provided us with a written undertaking that:–

- (a) it will not distribute any ACP and ASP to any of the Group's existing customers or in any territories in which the Group has business presence and operation;
- (b) it will only distribute ACP and ASP to its own existing customers;
- (c) in respect of any new or potential market for ACP and ASP, it will give the Group the first right of refusal to explore such market; and
- (d) it will not engage in any manufacturing of ACP and ASP.

Details of the Interested Person Transactions under (i), (ii) and (iii) above to which the IPT Mandate will apply have been set out in the Prospectus of the Company dated 8 November 2004. Details of the Interested Person Transaction relating to provision of spray-painting services under (iii) above to which the IPT Mandate will apply have been set out in the Circular of the Company dated 29 March 2006 and Appendix A to the notice of annual general meeting of the Company dated 11 April 2014.

- 3.3 The IPT Mandate will not cover any transaction by a company in the Group with an Interested Person that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction.
- 3.4 Transactions with Interested Persons, which do not fall within the ambit of the IPT Mandate, shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

4. BENEFIT TO SHAREHOLDERS

- 4.1 The obtaining of the IPT Mandate and its subsequent renewal (with or without modification) on an annual basis, will enhance the ability of the Group to pursue business opportunities which are time-sensitive in nature and will eliminate the need (pursuant to the materiality thresholds imposed under Chapter 9 of the Listing Manual) for the Company to announce such transactions, or to announce and convene separate general meetings as and when potential transactions with the specified classes of Interested Persons arise to seek Shareholders' prior approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of

general meetings on an ad hoc basis, considerably, improve administrative efficacy and allow human resources and time to be channelled towards attaining other corporate objectives.

5. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

5.1 The Group has implemented the following additional procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with our usual business practices and policies, and is no more favourable to the Interested Person than those extended to unrelated third parties.

5.2 Threshold Limits

The Company will monitor the Interested Person Transactions entered into by the Group as follows:

- (i) where the value of the transaction is less than 5% of the latest audited net tangible assets of the Group will be reviewed and approved by a non-interested Executive Director. In the event where all Executive Directors have an interest, whether directly or indirectly, in the transaction, it will be reviewed and approved by the Audit Committee and the Board;
- (ii) where the value of the transaction is equal to or exceeds 5% of the latest audited net tangible assets of the Group will be reviewed and approved by the Audit Committee and the Board; and
- (iii) where the aggregate value of all transactions with the same Interested Person in the current financial year is equal to or exceeds 5% of the latest audited net tangible assets of the Group, the latest and all future transactions equal to or above S\$100,000 will be reviewed and approved by the Audit Committee and the Board.

5.3 Obtaining of Services or Purchase of Products

As a basis of comparison to determine whether the prices and terms offered by the Interested Person are fair and reasonable when purchasing from an Interested Person, where applicable, the prices and terms of one other competitive offer from third party suppliers contemporaneous in time will be obtained for comparison, taking into account all pertinent factors including but not limited to price, quality, delivery time, rebates or discounts accorded for bulk purchases and track record to ensure that the interests of the minority Shareholders are not disadvantaged.

5.4 Provision of Services or Sale of Products

Similarly, as a basis of comparison to determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to unrelated third parties, when selling to an Interested Person, where applicable, the price and terms of one other successful sale of similar products to third parties contemporaneous in time will be used as comparison, taking into account all pertinent factors including but not limited to price, quality, delivery time and whether the terms are in accordance with the usual business practices and policies to ensure that they are not prejudicial to the interests of the minority Shareholders.

- 5.5 In cases where it is not possible to obtain comparables from other unrelated third parties, the Audit Committee will consider whether the pricing or fees charged under the transactions is in accordance with the usual business practices and pricing policies and consistent with the usual costs related to such transactions to determine whether the relevant transactions are undertaken at arm's length and on normal commercial terms.
- 5.6 The Group will keep a register to record all Interested Person Transactions, including those which are entered into pursuant to the IPT Mandate. The register shall also record the rationale and basis for entry into all Interested Person Transactions, including the independent quotations obtained to support such basis. The Group's annual internal audit plan shall incorporate a review of all Interested Person Transactions entered pursuant to the IPT Mandate. In addition, the Audit Committee will include the review of the Interested Person Transactions as part of its standard procedures while examining the adequacy of the Group's internal controls.
- 5.7 The Interested Person Transactions entered into pursuant to the IPT Mandate, if any, will be reviewed by the Audit Committee at least quarterly to ensure that they are carried out at arm's length and in accordance with the Interest Person Transactions guidelines and procedures stated above. For the review, all relevant non-quantitative factors will also be taken into account.
- 5.8 If a member of the Board or a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision making by the Audit Committee or the Board in respect of that transaction.
- 5.9 The Audit Committee shall review from time to time the guidelines and procedures stated above to determine if they continue to be adequate and/or commercially practicable in ensuring that the transactions with the Interested Persons are conducted at arm's length and on normal commercial terms. The Audit Committee will also carry out half yearly reviews to ensure that the established guidelines and review procedures for the transactions with the Interested Persons have been complied with and the relevant approvals obtained.
- 5.10 If during these periodic reviews, the Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that interests of minority Shareholders are not prejudiced, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures to ensure that the Interested Person Transaction will be on an arm's length basis and on normal commercial terms.
- 5.11 The Audit Committee and the Board shall have the overall responsibility for the determination of the guidelines and procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- 5.12 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 Listing Manual of the SGX-ST) are complied with.

The Audit Committee will, in addition, carry out half-yearly reviews to ensure that all Interested Person Transactions with Jiangsu Haida Technology are carried out in compliance with the exclusive supplier arrangement and the written undertaking, both of which are set out in paragraph 3.2(iv) above.

- 5.13 The Board will also ensure that all disclosure requirements, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual of the SGX-ST and accounting standards, are complied with.

6. VALIDITY PERIOD OF THE IPT MANDATE

- 6.1 If approved by the Shareholders at the 11th AGM, the IPT Mandate will take effect from the date of receipt of the Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company and will apply to Interested Person Transactions entered into from the date of receipt of the Shareholders' approval.
- 6.2 Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting, subject to review by the Audit Committee of its continued application to the Interested Person Transactions.

7. DISCLOSURE TO SHAREHOLDERS

- 7.1 The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report in accordance with Chapter 9 Rule 920(1)(a)(ii).
- 7.2 The Company will disclose in the annual report of the Company of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force in accordance with Chapter 7 Rule 705 and Chapter 9 Rule 907.

8. STATEMENT OF THE AUDIT COMMITTEE

- 8.1 As at the date of this Appendix, the Audit Committee of the Company comprises Mr Ong Kian Guan, Mr Wang Liangfa and Mr Soh Beng Keng.
- 8.2 The Audit Committee of the Company has reviewed the terms of the proposed IPT Mandate and confirms that:
- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the last Shareholders' approval; and
 - (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 8.3 However, should the Audit Committee subsequently no longer be of the opinion or the methods or procedures become inappropriate, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

9.1 Directors' Interests. The interests of the Directors in the Shares, as at 26 March 2015 being the latest practicable date prior to the issue of this Appendix A ("Latest Practicable Date"), are set out below:

Directors	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Zhao Guiying ⁽¹⁾⁽²⁾	–	–	74,425,700	29.20
Xu Youcai ⁽²⁾	–	–	74,425,700	29.20
Guo Yun ⁽³⁾	–	–	14,439,020	5.67
Wang Liangfa	–	–	–	–
Ong Kian Guan	–	–	–	–
Soh Beng Keng	–	–	–	–

Notes:–

- (1) Our Company's Non-Executive Chairman, Ms Zhao Guiying, is the wife of our Company's Chief Executive Officer, Mr Xu Youcai.
- (2) Mr Xu Youcai and Ms Zhao Guiying are each deemed to have an interest in the 74,425,700 ordinary shares in the capital of the Company held by China Delta Limited by virtue of their respective shareholdings of 60% and 30% in China Delta Limited.
- (3) Mr Guo Yun is deemed to have an interest in the 14,439,020 ordinary shares in the capital of the Company held by Forbury Investments Limited by virtue of his 100% shareholding in Forbury Investments Limited.

9.2 Substantial Shareholders' Interests. The interests of the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
China Delta Limited ⁽¹⁾	74,425,700 ⁽³⁾	29.20	–	–
Forbury Investments Limited ⁽²⁾	14,439,020 ⁽³⁾	5.67	–	–
Lai Shih-Wei (formerly known as Lai Weiyong)	30,236,540 ⁽³⁾	11.86	–	–

Notes:–

- (1) China Delta Limited is a company incorporated in the British Virgin Islands with its registered office at P.O. Box 957 Offshore Incorporations, Centre Road Town Tortola British Virgin Islands. It is an investment holding company. As at the Latest Practicable Date, it has an issued share capital of US\$200, comprising 200 shares of US\$1.00 each, of which all shares are issued and fully paid. The directors of China Delta Limited are our Chief Executive Officer, Mr Xu Youcai and our Executive Director, Mr Guo Yun. The shareholding structure of China Delta Limited as at the Latest Practicable Date is as follows:–

Shareholders	Shareholdings (%)
Mr Xu Youcai ⁽⁴⁾	60.0
Ms Zhao Guiying	30.0
Mr Gong Jinbao	2.5
Mr Hu Xirong	2.5
Mr Zhang Yunlong ⁽⁴⁾	2.5
Mr Xie Jizhu	2.5
Total	100.0

- (2) Forbury Investments Limited is a company incorporated in the British Virgin Islands with its registered address at P.O. Box 957 Offshore Incorporations Centre Road Town Tortola British Virgin Islands. It is an investment holding company. As at the Latest Practicable Date, it has an issued share capital of US\$1.00, comprising 1 share of US\$1.00 each, which is fully paid. The sole shareholder and director of Forbury Investments Limited is our Executive Director, Mr Guo Yun.
- (3) These Shares are held through a nominee bank account.
- (4) Mr Zhang Yunlong, is the brother-in-law of our Company's Chief Executive Office, Mr Xu Youcai.

Save as disclosed above, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

10. SHAREHOLDERS WHO WILL BE ABSTAINING FROM VOTING

- 10.1** China Delta Limited and their associates, being an associate of the Interested Persons (as described in paragraph 3.1 of this Appendix), have undertaken that they will abstain, and will ensure that their associates will abstain, from voting their shareholdings, if any, in respect of the Ordinary Resolution relating to the proposed renewal of the IPT Mandate at the 11th AGM.
- 10.2** Further Mr Xu Youcai and Ms Zhao Guiying, who together hold 90.0% of the shares in China Delta Limited, has each undertaken to abstain from voting on the Ordinary Resolution relating to the proposed renewal of the IPT Mandate and also declined to accept appointment as proxies to vote and attend at the forthcoming 11th AGM for other Shareholders of the Company unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

11. DIRECTORS' RECOMMENDATION

The Directors of the Company who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Messrs Guo Yun, Wang Liangfa, Soh Beng Keng and Ong Kian Guan. They are of the opinion that the renewal of the IPT Mandate, are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 7 relating to the renewal of the IPT Mandate at the 11th AGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix A and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix A constitutes full and true disclosure of all material facts about the Proposed Renewal of the Shareholder's Mandate for Interested Person Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix A misleading.

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

APPENDIX A-I

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE SGX-ST LISTING MANUAL

1. The rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governing transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons, are contained in Chapter 9 of the Listing Manual of the SGX-ST.
2. Except for any transaction which is below S\$100,000 in value 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, are excluded from the ambit of Chapter 9 of the Listing Manual, when this Chapter applies to a transaction with a listed company’s interested person and the value of the transaction alone or on 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 NTA), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval 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 such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

(Note: Based on the audited consolidated accounts of the Group for the financial year ended 31 December 2014, the NTA of the Group was approximately RMB270,490,000. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, 5% of the Company’s latest consolidated NTA would be approximately RMB13,525,000.)
3. Chapter 9 of the Listing Manual allows a listed company to seek a 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. Chapter 9 also requires a general mandate to be subject to annual renewal.
4. For the purposes of Chapter 9 of the Listing Manual:
 - (i) an “**entity at risk**” means:
 - (a) the listed company;
 - (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange;
 - (c) 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;

- (ii) 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;
- (iii) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder, (being an individual), means:
 - (a) his immediate family (that is, his spouse, child, adopted child, step-child, sibling or parent);
 - (b) 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
 - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
- (iv) an “**associate**” 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.
- (v) 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;
- (vi) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- (vii) 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 in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities); and
- (viii) “**financial assistance**” includes the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and the forgiving of a debt, the releasing of or neglect in enforcing an obligation or another, or the assuming of the obligations of another.