

APPENDIX DATED 7 APRIL 2015

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

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. Unless otherwise stated, capitalised terms on this cover are defined in this Appendix under the section entitled "Definitions".

This Appendix is circulated to the Shareholders (as defined herein) together with the Company's Annual Report (as defined herein). Its purpose is to provide the Shareholders with information relating to and explaining to Shareholders the rationale for the proposed renewal of the Share Buy-back Mandate (as defined herein) to be tabled at the annual general meeting of the Company to be held on 22 April 2015 at 9.00 a.m. at Esplanade 1 Level 4 Carlton Hotel Singapore 76 Bras Basah Road Singapore 189558. The Notice of the 2014 AGM and a Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your Shares held through CDP, you need not forward this Appendix with the Notice of Annual General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the Notice of Annual General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are represented by physical share certificate(s), you should forward this Appendix, the Notice of Annual General Meeting and the attached 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 transferee. Your attention is drawn to page 20 of this Appendix in respect of action to be taken if you wish to attend and/or vote at the Annual General Meeting.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200706801H)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 7 APRIL 2015

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless the context otherwise requires or it is otherwise stated:-

“AGM”	:	The annual general meeting of the Company
“Annual Report”	:	The annual report of the Company dated 7 April 2015 in respect of the FY2014
“Appendix”	:	This letter to Shareholders dated 7 April 2015 in relation to the renewal of the Share Buy-back Mandate
“Board”	:	The board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Sino Grandness Food Industry Group Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15% or more of the total number of issued shares in the Company, which may nonetheless be determined by the SGX-ST that said person who satisfies this requirement is not a controlling shareholder, or (b) in fact exercises control over the Company, as defined in the Listing Manual
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company, as defined in the Listing Manual
“Directors”	:	The directors of the Company as at the date of this Appendix
“EGM”	:	Has the meaning ascribed to it in Section 1.2 of this Appendix
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Appendix, being 25 March 2015, for the purpose of obtaining relevant information for inclusion herein
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“NTA”	:	Net tangible assets
“Securities Account”	:	Securities account maintained by a Depositor with CDP, but does not include securities sub-accounts maintained with a Depository Agent
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited

DEFINITIONS

“Share Buy-back Mandate”	:	The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate
“Shareholders”	:	Registered holders of Shares for the time being, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act, save for a company which is listed on a stock exchange and the subsidiaries or associated companies of such a company
“Substantial Shareholder”	:	A person who holds directly or indirectly 5% or more of the total number of voting Shares excluding treasury shares in the Company as defined under Section 81 of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“%”	:	Per centum or percentage
Currencies		
“S\$”	:	Singapore dollars
“RMB”	:	Renminbi

The term “**Associate**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term “**treasury shares**” shall have the meaning ascribed to it in the Companies Act.

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

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

Any reference in this Appendix 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 or the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

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

LETTER TO SHAREHOLDERS

SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200706801H)

Board of Directors:-

Mr Huang Yupeng (Chairman and Chief Executive Officer)
Ms Huang Yushan (Executive Director)
Mr Zhu Jun (Executive Director)
Mr Zeng Ming (Executive Director)
Mr Soh Beng Keng (Lead Independent Director)
Ms Liu Ling (Independent Director)
Mr Wong Chee Meng, Lawrence (Independent Director)
Mr Chalermchai Mahagitsiri (Non-executive Director)

Registered Office:-

Six Battery Road #10-01
Singapore 049909

7 April 2015

To: Shareholders of Sino Grandness Food Industry Group Limited

Dear Sir/Madam

RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

- 1.1 We refer to the Notice of the 2014 AGM dated 7 April 2015 (“**Notice**”) of the Shareholders of the Company accompanying the Annual Report convening the 2014 AGM to be held on 22 April 2015 and Resolution No. 11 under the heading “Special Business” set out in the Notice.
- 1.2 At the extraordinary general meeting of the Company held on 28 April 2014 (“**EGM**”), Shareholders had approved the Share Buy-back Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Buy-back Mandate will expire on the date of the forthcoming AGM, being 22 April 2015 (“2014 AGM”). Accordingly, the Directors propose that the Share Buy-back Mandate be renewed at the forthcoming 2014 AGM, to take effect until the conclusion of the next following AGM.
- 1.3 The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Appendix.

2. THE SHARE BUY-BACK MANDATE

2.1 Background

Under the Companies Act, companies are allowed to purchase or otherwise acquire their own ordinary shares, stocks and preference shares in the manner set out in the Companies Act if their articles of association expressly permit them to do so, provided that any such purchase is made in accordance with and in the manner prescribed by the Listing Manual and such other laws and regulations as may for the time being be applicable.

The Companies Act provides that Shares purchased or otherwise acquired by the Company may be held or dealt with as treasury shares.

It is a requirement under the Companies Act and the Listing Manual that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting.

LETTER TO SHAREHOLDERS

Accordingly, approval is being sought from Shareholders at the 2014 AGM for the renewal of the Share Buy-back Mandate. If approved, the Share Buy-back Mandate will take effect from the date of the 2014 AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto share buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is revoked or varied by the Company in a general meeting. The Share Buy-back Mandate may be put to Shareholders for renewal at each subsequent annual general meeting of the Company at the discretion of the Directors.

2.2 Rationale for the Share Buy-back Mandate

The rationale for the Company to undertake the purchase of its issued Shares, as previously stated in section 2.2 of the Company's circular to Shareholders dated 10 April 2014, is as follows:-

- (i) the Directors and management of the Company constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. The Share Buy-back Mandate will give the Directors the flexibility to purchase or acquire Shares if and when the circumstances permit;
- (ii) share buy-backs provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost efficient manner;
- (iii) share buy-backs also allow the Directors to exercise control over the Company's share structure with a view to enhancing the EPS and/or the NTA value per Share;
- (iv) the Share Buy-back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short-term speculation; and
- (v) share buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS.

Share buy-backs pursuant to the Share Buy-back Mandate will only be undertaken as and when circumstances permit and only when the Directors are of the view that such purchases are of benefit to the Company and/or Shareholders.

2.3 Authority and Limitations on the Share Buy-back Mandate

The authority and limitations, if renewed at the forthcoming 2014 AGM, are the same as previously approved at the EGM and are summarised below:-

(i) Maximum number of Shares

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

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to such number of Shares representing not more than 10% of the issued share capital of the Company (excluding treasury shares, if applicable) as at the date of the last AGM before the resolution authorising the Share Buy-back Mandate is passed or as at the date on which the resolution authorising the Share Buy-back Mandate is passed, whichever is the higher (the "**Maximum Limit**"). For the avoidance of doubt, Shares which are held as treasury shares will be disregarded for the purposes of computing the aforesaid 10% limit.

For illustration purposes only, based on 673,344,828 Shares, being the total number of Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the forthcoming 2014 AGM, not more than 67,334,482 Shares (representing 10% of the issued share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed renewal of the Share Buy-back Mandate.

LETTER TO SHAREHOLDERS

(ii) Duration of Authority

Share buy-backs may be made, at any time and from time to time, on and from the date of the forthcoming 2014 AGM (at which the Share Buy-back Mandate is renewed) up to the earliest of one of the following dates:-

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked; or
- (c) the date on which Share buy-backs are carried out to the full extent mandated.

(iii) Manner of Share Buy-backs

Purchases of Shares may be made on the SGX-ST (each a “**Market Purchase**”) and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (each an “**Off-Market Purchase**”):

- (1a) Market Purchases refer to purchases of Shares by the Company transacted on the SGX-ST’s trading system through the ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and
- (1b) Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Buy-back Mandate, the Listing Manual and the Companies Act, 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, the Off-Market Purchase scheme must, however, satisfy the following conditions:-

- (2a) 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;
- (2b) all of those persons shall be given a reasonable opportunity to accept the offer made; and
- (2c) the terms of all the offers are the same (except that there shall be disregarded differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements, differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

In addition, pursuant to the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:-

- (3a) the terms and conditions of the offer;
- (3b) the period and procedures for acceptances;
- (3c) the reasons for the proposed share buy-back;
- (3d) the consequences, if any, of share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

LETTER TO SHAREHOLDERS

- (3e) whether the share buy-backs, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (3f) details of any share buy-backs made by the Company in the previous 12 months (whether a Market Purchase or an Off-Market Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (3g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(iv) Maximum Purchase Price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

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

For the above purposes:-

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

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

2.4 Status of Purchased Shares

Under the Companies Act, any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. When Shares purchased or acquired by the Company are cancelled and not held as treasury shares, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. The salient provisions of the Companies Act dealing with treasury shares are summarised below:-

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total issued ordinary shares in the capital of the Company.

LETTER TO SHAREHOLDERS

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares including any right to attend and vote at meetings and any purported exercise of such a right is void. In addition, no dividend shall be paid, and no other distribution of the Company's assets shall be made, to the Company in respect of treasury shares. However, any allotment of shares as fully paid bonus shares in respect of treasury shares is allowed and shall be treated as if they had been acquired by the Company at the time they were allotted. A subdivision or consolidation of any treasury shares into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

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

- (1a) sell all or any of the shares for cash;
- (1b) transfer all or any of the shares for the purpose of or pursuant to an employee share scheme;
- (1c) transfer all or any of the shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (1d) cancel all or any of the shares; or
- (1e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

Under the Listing Manual, an immediate announcement must be made regarding such sale, transfer, cancellation and/or use of the treasury shares which states the following information:-

- (2a) the date of such sale, transfer, cancellation and/or use of such treasury shares;
- (2b) the purpose of such sale, transfer, cancellation and/or use of such treasury shares;
- (2c) the number of treasury shares sold, transferred, cancelled and/or used;
- (2d) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (2e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (2f) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase of Shares. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased or acquired out of the profits and/or the capital of the Company, and such other particulars as may be required in the prescribed form.

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The Listing Manual specifies that a listed company shall notify the SGX-ST of Market Purchases of Shares not later than 9.00 a.m. on the Market Day following the day on which the Market Purchases were effected, and shall notify the SGX-ST of Off-Market Purchases not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer for Off-Market Purchases. The notification of such purchases of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, prices paid for the total number of shares purchased, the purchase price per share, the highest and lowest prices per share for the shares purchased to date and the number of issued shares after purchase, in the form prescribed in Appendix 8.3.1 of the Listing Manual.

The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

When seeking the approval of Shareholders for the renewal of the Share Buy-back Mandate, the Company is required to disclose details pertaining to the purchases of Shares made by the Company during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.7 Suspension of Buy-back of Shares

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s), 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 of Shares pursuant to the Share Buy-back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or during the period of 1 month immediately preceding the announcement of the Company’s annual results and ending on the date of the announcement of the relevant results.

2.8 Source of Funds

The Company may only apply funds for the purchase of Shares as provided in the Company’s Memorandum and Articles of Association and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Company intends to use its internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisition of Shares.

Any purchase or acquisition of Shares may be made only if the Company is solvent and out of the Company’s capital and/or profits. It is an offence for a director or a manager of a company to approve or authorise the purchase or acquisition of shares, knowing that the company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if:-

- (a) the company is able to pay its debts in full at the time of the payment for any Share purchased or acquired pursuant to the Share Buy-back Mandate and will be able to pay its debts as they fall due in the normal course of business, during the period of 12 months immediately after the purchase; and
- (b) the value of the company’s assets, at the time of the purchase and after such purchase is not less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect or may affect such values.

LETTER TO SHAREHOLDERS

The Directors do not propose to exercise the Share Buy-back Mandate if it will adversely affect the financial condition of the Company or to such an extent that it would materially affect the working capital requirements of the Company and the Group.

2.9 Financial Effects

Under the Companies Act, the Company may choose to hold the purchased Shares as treasury shares or to cancel them. The Company's Memorandum and Articles of Association prescribe that the Company may deal with the purchased Shares in such manner as may be permitted by, and in accordance with, the Companies Act. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. The Company however cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote or attend at meetings and the treasury shares will be treated as having no voting rights, and no dividend or distribution of the Company's assets may be made to the Company in respect of the treasury shares.

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:-

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Accordingly, the NTA of the Company and the Group will be reduced by the dollar value of the Shares purchased (whether the purchased Shares are cancelled or held as treasury shares).

The consideration to be paid by the Company for the purchase or acquisition of Shares (including brokerage, commissions, stamp duties, goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.10 Illustration

The financial impact on the Company and the Group arising from the purchase or acquisition of Shares which may be made pursuant to the Share Buy-back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. It is accordingly not possible for the Company to realistically or accurately calculate or quantify the exact impact that the Share Buy-back Mandate, if renewed, might have on the NTA value and EPS at this juncture.

Based on the existing issued share capital of the Company as at the Latest Practicable Date, in the case of Market Purchases by the Company and assuming that the Company purchases 67,334,482 Shares at the Maximum Price of S\$0.281 per Share (being the price equivalent to 5% above the average closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 67,334,482 Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately S\$18,948,000.

LETTER TO SHAREHOLDERS

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 67,334,482 Shares at the Maximum Price of S\$0.322 per Share (being the price equivalent to 20% above the average closing market prices of the Shares over the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 67,334,482 Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately S\$21,655,000.

For illustrative purposes only, assuming that the Share Buy-back Mandate is effective from 1 January 2015 and the Company has purchased 67,334,482 Shares (as at Latest Practicable Date representing 10% of its issued share capital), the financial effects of the purchase of 67,334,482 Shares by the Company pursuant to the Share Buy-back Mandate by way of:-

- (a) purchases made entirely out of capital and held as treasury shares;
- (b) purchases made entirely out of capital and cancelled;
- (c) purchases made entirely out of distributable profits and held as treasury shares; and
- (d) purchases made entirely out of distributable profits and cancelled,

on the audited financial statements of the Group for FY2014, are set out respectively in the following pages:-

Scenario 1 – Purchases made entirely out of capital and held as treasury shares

31 December 2014 (RMB'000)	GROUP			COMPANY		
	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾
Share capital	440,948	440,948	440,948	440,948	440,948	440,948
Shareholders' funds	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
NTA	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
Current Assets	1,701,661	1,682,713	1,680,006	161,598	142,650	139,943
Current Liabilities	1,033,809	1,033,809	1,033,809	16,362	16,362	16,362
Working Capital	667,852	648,904	646,197	145,236	126,288	123,581
Total Borrowings	59,200	59,200	59,200	–	–	–
Cash and cash equivalents	223,572	204,624	201,917	161,543	142,595	139,888
Profit/(Loss) after tax and minority interest	249,497	249,497	249,497	(23,131)	(23,131)	(23,131)
Number of Shares including treasury shares ('000)	673,345	673,345	673,345	673,345	673,345	673,345
Treasury shares	–	67,334	67,334	–	67,334	67,334
Financial Ratios						
NTA per Share (cents) ⁽¹⁾	236.38	233.56	233.16	52.07	49.26	48.86
EPS (cents) ⁽²⁾	37.05	37.05	37.05	(3.44)	(3.44)	(3.44)
Net Gearing (times) ⁽³⁾	NIL	NIL	NIL	NIL	NIL	NIL
Current Ratio (times) ⁽⁴⁾	1.65	1.63	1.63	9.88	8.72	8.55

LETTER TO SHAREHOLDERS

Notes:-

- (1) NTA per Share equals NTA divided by number of Shares as at 31 December 2014.
- (2) EPS equals profit after tax and minority interest divided by the total number of Shares as at 31 December 2014.
- (3) Net Gearing equals total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current Ratio equals to current assets divided by current liabilities.
- (5) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.281 for one Share which is 5% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$18,948,000 or RMB94,740,000.
- (6) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.322 for one Share which is 20% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$21,655,000 or RMB108,275,000.

Scenario 2 – Purchases made entirely out of capital and cancelled

31 December 2014 (RMB'000)	GROUP			COMPANY		
	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾
Share capital	440,948	422,000	419,293	440,948	422,000	419,293
Shareholders' funds	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
NTA	1,591,643	1,572,695	1,568,988	350,620	331,672	328,965
Current Assets	1,701,661	1,682,713	1,680,006	161,598	142,650	139,943
Current Liabilities	1,033,809	1,033,809	1,033,809	16,362	16,362	16,362
Working Capital	667,852	648,904	646,197	145,236	126,288	123,581
Total Borrowings	59,200	59,200	59,200	–	–	–
Cash and cash equivalents	223,572	204,624	201,917	161,543	142,595	139,888
Profit/(Loss) after tax and minority interest	249,497	249,497	249,497	(23,131)	(23,131)	(23,131)
Number of Shares including treasury shares ('000)	673,345	606,010	606,010	673,345	606,010	606,010
Treasury shares	NIL	NIL	NIL	NIL	NIL	NIL
Financial Ratios						
NTA per Share (cents) ⁽¹⁾	236.38	259.52	259.07	52.07	54.73	54.28
EPS (cents) ⁽²⁾	37.05	41.17	41.17	(3.44)	(3.82)	(3.82)
Net Gearing (times) ⁽³⁾	NIL	NIL	NIL	NIL	NIL	NIL
Current Ratio (times) ⁽⁴⁾	1.65	1.63	1.63	9.88	8.72	8.55

Notes:-

- (1) NTA per Share equals NTA divided by number of Shares as at 31 December 2014.
- (2) EPS equals profit after tax and minority interest divided by the total number of Shares as at 31 December 2014.
- (3) Net Gearing equals total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current Ratio equals to current assets divided by current liabilities.

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- (5) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.281 for one Share which is 5% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$18,948,000 or RMB94,740,000.
- (6) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.322 for one Share which is 20% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$21,655,000 or RMB108,275,000.

Scenario 3 – Purchases made entirely out of distributable profits and held as treasury shares

31 December 2014 (RMB'000)	GROUP			COMPANY		
	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾
Share capital	440,948	440,948	440,948	440,948	440,948	440,948
Shareholders' funds	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
NTA	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
Current Assets	1,701,661	1,682,713	1,680,006	161,598	142,650	139,943
Current Liabilities	1,033,809	1,033,809	1,033,809	16,362	16,362	16,362
Working Capital	667,852	648,904	646,197	145,236	126,288	123,581
Total Borrowings	59,200	59,200	59,200	–	–	–
Cash and cash equivalents	223,572	204,624	201,917	161,543	142,595	139,888
Profit/(Loss) after tax and minority interest	249,497	249,497	249,497	(23,131)	(23,131)	(23,131)
Number of Shares including treasury shares ('000)	673,345	673,345	673,345	673,345	673,345	673,345
Treasury shares	–	67,334	67,334	–	67,334	67,334
Financial Ratios						
NTA per Share (cents) ⁽¹⁾	236.38	233.56	233.16	52.07	49.26	48.86
EPS (cents) ⁽²⁾	37.05	37.05	37.05	(3.44)	(3.44)	(3.44)
Net Gearing (times) ⁽³⁾	NIL	NIL	NIL	NIL	NIL	NIL
Current Ratio (times) ⁽⁴⁾	1.65	1.63	1.63	9.88	8.72	8.55

Notes:-

- (1) NTA per Share equals NTA divided by number of Shares as at 31 December 2014.
- (2) EPS equals profit after tax and minority interest divided by the total number of Shares as at 31 December 2014.
- (3) Net Gearing equals total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current Ratio equals to current assets divided by current liabilities.
- (5) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.281 for one Share which is 5% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$18,948,000 or RMB94,740,000.
- (6) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.322 for one Share which is 20% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$21,655,000 or RMB108,275,000.

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Scenario 4 – Purchases made entirely out of distributable profits and cancelled

31 December 2014 (RMB'000)	GROUP			COMPANY		
	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾	Before Share buy-back	After Share buy-back assuming Market Purchase ⁽⁵⁾	After Share buy-back assuming Off-Market Purchase ⁽⁶⁾
Share capital	440,948	440,948	440,948	440,948	440,948	440,948
Shareholders' funds	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
NTA	1,591,643	1,572,695	1,569,988	350,620	331,672	328,965
Current Assets	1,701,661	1,682,713	1,680,006	161,598	142,650	139,943
Current Liabilities	1,033,809	1,033,809	1,033,809	16,362	16,362	16,362
Working Capital	667,852	648,904	646,197	145,236	126,288	123,581
Total Borrowings	59,200	59,200	59,200	–	–	–
Cash and cash equivalents	223,572	204,624	201,917	161,543	142,595	139,888
Profit/(Loss) after tax and minority interest	249,497	249,497	249,497	(23,131)	(23,131)	(23,131)
Number of Shares including treasury shares ('000)	673,345	606,010	606,010	673,345	606,010	606,010
Treasury shares	NIL	NIL	NIL	NIL	NIL	NIL
Financial Ratios						
NTA per Share (cents) ⁽¹⁾	236.38	259.52	259.07	52.07	54.73	54.28
EPS (cents) ⁽²⁾	37.05	41.17	41.17	(3.44)	(3.82)	(3.82)
Net Gearing (times) ⁽³⁾	NIL	NIL	NIL	NIL	NIL	NIL
Current Ratio (times) ⁽⁴⁾	1.65	1.63	1.63	9.88	8.72	8.55

Notes:-

- (1) NTA per Share equals NTA divided by number of Shares as at 31 December 2014.
- (2) EPS equals profit after tax and minority interest divided by the total number of Shares as at 31 December 2014.
- (3) Net Gearing equals total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current Ratio equals to current assets divided by current liabilities.
- (5) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.281 for one Share which is 5% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$18,948,000 or RMB94,740,000.
- (6) Assumes that the Company purchases the 67,334,482 Shares at the Maximum Price of S\$0.322 for one Share which is 20% above the Average Closing Prices of a Share over the last five (5) Market Days on which the transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 67,334,482 Shares is approximately S\$21,655,000 or RMB108,275,000.

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As illustrated above, a summary of the financial effects of the share buy-backs are:-

- (i) in the case of keeping acquired Shares as treasury shares, decreased NTA per Share of the Group and the Company;
- (ii) in the case of cancelling acquired Shares, increased NTA per Share of the Group and the Company;
- (iii) in the case of cancelling acquired Shares, increased EPS of the Group and the loss per share of the Company; and
- (iv) increased positive return on equity of the Group and negative return on equity of the Company.

Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statement of the Group for the financial year ended 31 December 2014, and is not necessarily representative of the future financial performance of the Group.

Although the Share Buy-back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back all 10% of the issued Shares in full. In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased as treasury shares.

2.11 Tax Implications

Section 10J of the Income Tax Act (Chapter 134) stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder.

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

2.12 Effect on Listing Status

The Company is required under Rule 723 of the SGX-ST Listing Manual to continually ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 279,364,268 Shares in the hands of the public (as defined above) representing 41.49% of the issued Shares excluding treasury shares. Assuming that the Company purchases 67,334,482 Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate, the number of Shares in the hands of the public would be reduced to 212,029,786 Shares, representing 34.99% of the Shares excluding treasury shares, as at the Latest Practicable Date.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

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2.13 Application of the Take-over Code

2.13.1 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 following persons, *inter alia*, will be presumed to be acting in concert:-

- (a) 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); and
- (b) a company, its parent company, subsidiaries, fellow subsidiaries, any of the foregoing companies' associated companies, companies of which the foregoing companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A company is an associated company of a second company if at least 20% but not more than 50% of its voting rights are owned or controlled by the second company.

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 ("**Rule 14**") after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.13.2 Obligations to make a take-over offer

Pursuant to Appendix 2 of the Take-over Code, an increase in the percentage of voting rights in a company by a shareholder and parties acting in concert with him as a result of any acquisition of shares by the company will be treated as an acquisition for the purpose of Rule 14. As such, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14.

Consequently, under Rule 14, a shareholder and persons acting in concert with the shareholder will incur an obligation to make a mandatory take-over offer for said company if, *inter alia*, he and persons acting in concert with him:-

- (a) increase their voting rights in the company to 30% or more of the voting rights of the company; or
- (b) hold between 30% and 50% of the voting rights of the company and they increase their voting rights in the company by more than 1% in any six-month period.

A shareholder, who is not acting in concert with the directors of a company, will not be required to make an offer under Rule 14 if, as a result of said company buying back its own shares, the voting rights of the shareholder in the company would increase to 30% or more, or, if the shareholder holds between 30% and 50% of the company's voting rights, would increase by more than 1% in any period of six (6) months, as a result of the company buying back its shares. Such a shareholder need not abstain from voting on the resolution to authorise the share buy-back mandate, unless so required under the Companies Act, e.g. for a shareholder whose shares are to be bought via a selective buy-back by an unlisted public company.

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2.13.3 Effects of the Take-over Code

Under Appendix 2 of the Take-over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties:-

- (a) increase to 30% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than 1% in any period of six months.

2.13.4 Take-over implications arising from the Share Buy-back Mandate

For illustrative purposes only, based on the Company's register of substantial shareholders and directors' shareholdings (the "Register of Substantial Shareholders and Directors' Shareholdings") maintained by the Company as at the Latest Practicable Date, the shareholdings of the Substantial Shareholders and the Directors before and after the Share Buy-back Mandate (assuming (a) the Company purchased a maximum 67,334,482 Shares, being 10% of the total issued share capital of the Company, and (b) there was no change in the number of Shares held or deemed to be held by the Substantial Shareholders and Directors) is as follows:-

Substantial Shareholders	Before Share Buy-back			After Share Buy-back		
	Direct interest	Deemed interest	Total interest (%) ⁽¹⁾	Direct interest	Deemed interest	Total interest (%) ⁽²⁾
Huang Yupeng ⁽³⁾	239,066,560	–	35.50	239,066,560	–	39.45
Chalermchai Mahagitsiri ⁽⁴⁾	–	86,850,000	12.90	–	86,850,000	14.33
Soleado Holdings Pte. Ltd	61,451,035	–	9.13	61,451,035	–	10.14
Thoresen Thai Agencies Public Company Limited ⁽⁵⁾	–	61,451,035	9.13	–	61,451,035	10.14
Asdew Acquisition Pte Ltd	44,217,000	–	6.57	44,217,000	–	7.30
Wang Yu Huei ⁽⁶⁾	–	44,217,000	6.57	–	44,217,000	7.30
Directors						
Huang Yupeng ⁽³⁾	239,066,560	–	35.50	239,066,560	–	39.45
Huang Yushan ⁽³⁾	–	–	–	–	–	–
Zhu Jun	–	–	–	–	–	–
Zeng Ming	–	–	–	–	–	–
Soh Beng Keng	–	–	–	–	–	–
Liu Ling	–	–	–	–	–	–
Wong Chee Meng, Lawrence	–	–	–	–	–	–
Chalermchai Mahagitsiri ⁽⁴⁾	–	86,850,000	12.90	–	86,850,000	14.33

Notes:-

- (1) As a percentage of the issued share capital of the Company as at Latest Practicable Date, comprising 673,344,828 Shares.

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- (2) As a percentage of the issued share capital of the Company, comprising 606,010,346 Shares (assuming that the Company purchased or acquired the maximum number of 67,334,482 Shares under the Share Buy-back Mandate).
- (3) Mr. Huang Yupeng, the Chairman and Chief Executive Officer of the Company, and Ms. Huang Yushan, an Executive Director of the Company, are siblings.
- (4) Soleado Holdings Pte. Ltd. is the wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited. Mr. Chalermchai Mahagitsiri holds more than 20% direct and deemed interest in Thoresen Thai Agencies Public Company Limited. Accordingly, Mr. Chalermchai Mahagitsiri is deemed to be interested in 61,451,035 Shares held by Soleado Holdings Pte. Ltd.

Mr. Chalermchai Mahagitsiri also holds controlling interest in PM Group Company Limited. Accordingly, he is deemed to be interested in 25,398,965 Shares held by PM Group Company Limited.
- (5) Soleado Holdings Pte. Ltd. is the wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited. Accordingly, Thoresen Thai Agencies Public Company Limited is deemed to be interested in such Shares held by Soleado Holdings Pte. Ltd..
- (6) Mr. Wang Yu Huei held more than 20% shares in the capital of Asdew Acquisition Pte Ltd as at the Latest Practicable Date. Accordingly, Mr. Wang Yu Huei is deemed to be interested in such Shares held by Asdew Acquisition Pte Ltd pursuant to Section 7 of the Companies Act.

Based on the Company's Register of Substantial Shareholders and Directors' Shareholdings maintained by the Company as at the Latest Practicable Date:-

- (a) Mr. Huang Yupeng, the Chairman and Chief Executive Officer of the Company who is also a substantial shareholder of the Company, held an aggregate of 239,066,560 Shares, representing 35.50% of the issued share capital of the Company;
- (b) Ms. Huang Yushan, an Executive Director who is the sister of Mr. Huang Yupeng, did not hold any Shares. Ms. Huang was granted a total of 8,810,000 share options on 14 November 2013 pursuant to the Company's Employee Share Option Scheme. None of the said 8,810,000 share options are exercisable before 14 November 2015; and
- (c) Mr. Huang Zhoupeng, who is the brother of Mr. Huang Yupeng and Ms. Huang Yushan, held 23,847,000 Shares, representing 3.54% of the issued share capital of the Company. He is neither a Director nor is he employed by the Company or any of its Group companies.

As at the Latest Practicable Date, Messrs. Huang Yupeng and Huang Zhoupeng in aggregate held 262,913,560 Shares, representing 39.05% of the issued share capital of the Company.

In view of their relationships as siblings, Messrs. Huang Yupeng, Huang Zhoupeng and Ms. Huang Yushan (the "**Concert Party Group**") are presumed to be parties acting in concert under the Take-over Code.

In the event that the Company acquires 67,334,482 Shares, being 10% of the total number of issued Shares in the capital of the Company, pursuant to the Share Buy-back Mandate, the shareholding of Mr. Huang Yupeng would increase from the current 35.50% to approximately 39.45% and Mr. Huang Zhoupeng's shareholding would increase from the current 3.54% to approximately 3.94%. Their aggregate shareholdings would increase from 39.05% to 43.39% (assuming there was no change in the number of Shares held or deemed to be held by any of them and Ms. Huang Yushan). Accordingly, the voting rights of Messrs. Huang Yupeng and Huang Zhoupeng in the Shares held by them would be deemed to have increased by more than 1% in a six-month period.

In such an event, the Concert Party Group would *prima facie* be obliged to make a mandatory offer under Rule 14 of the Take-over code, read with Appendix 2 of the Take-over Code, for the other Shares not held by them.

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2.13.5 Exemption from having to make a general offer under Rule 14 of the Take-over code

The Concert Party Group and its concert parties, if any, will be exempted from the requirement to make a general offer for the Company under Rule 14 if the aggregate shareholding of the Concert Party Group and its concert parties, if any, increases by more than 1% in any six-month period as a result of any Share buy-back carried out pursuant to the Share Buy-back Mandate, subject to the following conditions:-

- (i) the circular to Shareholders on the resolution to authorise the renewal of the Share Buy-back Mandate contains:-
 - (a) advice to the effect that by voting for the renewal of the Share Buy-back Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Party Group and its concert parties, if any who, as a result of the Company buying back its Shares under the Share Buy-back Mandate, would increase their voting rights in the Company to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of six (6) months; and
 - (b) the names of the members of the Concert Party Group and its concert parties, if any, their voting rights at the time of the resolution and after the renewal of the Share Buy-back Mandate to be disclosed in the same circular;
- (ii) the resolution to authorise the renewal of the Share Buy-back Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the renewed Share Buy-back Mandate;
- (iii) the Concert Party Group and its concert parties, if any, abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the renewal of the Share Buy-back Mandate;
- (iv) within seven (7) days after the passing of the resolution by Shareholders to approve the renewal of the Share Buy-back Mandate, each of the Concert Party Group to submit to the SIC a duly signed Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 to the Take-over Code); and
- (v) the Concert Party Group and its concert parties, if any, have not acquired and do not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buy-back Mandate is imminent and the earlier of:-
 - (a) the date on which the Share Buy-back Mandate expires; and
 - (b) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Buy-back Mandate or it has decided to cease buying back its Shares, as the case may be,

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

As such, if the aggregate voting rights held by the Concert Party Group and its concert parties, if any, increase by more than 1% solely as a result of the Share Buy-back Mandate, it is only if none of them has acquired any Shares during the relevant six-month period that the Concert Party Group and its concert parties, if any, would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption has been granted, would continue to enjoy the exemption.

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This also means if the Company ceases the Share buy-back pursuant to the Share Buy-back Mandate and the increase in the aggregate voting rights held by the Concert Party Group and its concert parties, if any, as a result of the relevant buy-back of Shares at such time is less than 1% in any six-month period, the Concert Party Group may subsequently resume acquisition of further voting rights in the Company. However, in such a scenario, the Concert Party Group and its concert parties, if any, are still bound to take into account any increase in their percentage voting rights as a result of said buy-back of Shares together with any further voting rights they acquire by any means in determining whether they have increased their voting rights by more than 1% in any six-month period.

2.13.6 Form 2 Submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 to the Take-over Code) is in 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 (please refer to paragraph 2.13.5 above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share purchase mandate.

The Concert Party Group has informed the Company that they will each be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution by Shareholders authorising the renewal of the Share Buy-back Mandate.

2.13.7 Waiver

Shareholders should note that by voting for the renewal of the Share Buy-back Mandate, they are waiving their rights to a general offer by the Concert Party Group and its concert parties, if any, at the Required Price (as hereinafter defined). Such a take-over offer, if required to be made and had not been exempted by SIC, would have to be made in cash or be accompanied by a cash alternative at not less than the highest price (excluding related expenses) paid by the Concert Party Group and its concert parties, if any, or by the Company for any Share within the preceding six (6) months.

“**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 highest of:-

- (i) the highest price paid by the offeror and/or person(s) acting in concert with them for the Company's Shares during the offer period and within the preceding six (6) months;
- (ii) the highest price paid by the offeror and/or person(s) acting in concert with them for the Company's Shares acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period; or
- (iii) the highest price paid by the offeror and/or person(s) acting in concert with them for the Company's Shares acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period;

or at such price as determined by SIC under Rule 14.3 of the Take-over Code.

Aside from the foregoing, the Directors are not aware of any fact(s) or factor(s) 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 purchase of Shares by the Company pursuant to the Share Buy-back Mandate.

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Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or SIC before they acquire any Shares in the Company during the period when the Share Buy-back Mandate is in force.

2.14 No Share Buy-backs in the Previous 12 Months

The Company has not made any share buy-backs in the 12 months preceding the date of this Appendix.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors in the Shares as recorded in the Company's Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:-

Name of Directors	Shareholdings registered in the name of the Director		Shareholdings in which the Director is deemed to have an interest		Total Shareholdings	
	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾
Huang Yupeng ⁽²⁾	239,066,560	35.50	–	–	239,066,560	35.50
Huang Yushan ⁽²⁾	–	–	–	–	–	–
Zhu Jun	–	–	–	–	–	–
Zeng Ming	–	–	–	–	–	–
Soh Beng Keng	–	–	–	–	–	–
Liu Ling	–	–	–	–	–	–
Wong Chee Meng, Lawrence	–	–	–	–	–	–
Chalermchai Mahagitsiri ⁽³⁾	–	–	86,850,000	12.90	86,850,000	12.90

Notes:-

- (1) As a percentage of the issued share capital of the Company, comprising 673,344,828 Shares, as at the Latest Practicable Date.
- (2) Mr. Huang Yupeng, the Chairman and Chief Executive Officer of the Company, and Ms. Huang Yushan, an Executive Director of the Company, are siblings.
- (3) Soleado Holdings Pte. Ltd. is the wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited. Mr. Chalermchai Mahagitsiri holds more than 20% direct and deemed interest in Thoresen Thai Agencies Public Company Limited. Accordingly, Mr Chalermchai Mahagitsiri is deemed to be interested in 61,451,035 Shares held by Soelado Holdings Pte. Ltd..

Mr. Chalermchai Mahagitsiri also holds controlling interest in PM Group Company Limited. Accordingly, he is deemed to be interested in 25,398,965 Shares held by PM Group Company Limited.

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Name of Directors	Number of share options	Earliest exercisable date
Huang Yupeng	–	–
Huang Yushan	8,810,000 ⁽¹⁾	14 November 2015
Zhu Jun	800,000	14 November 2015
Zeng Ming	550,000	14 November 2015
Soh Beng Keng	200,000	14 November 2015
Liu Ling	100,000	14 November 2015
Wong Chee Meng, Lawrence	100,000	14 November 2015
Chalermchai Mahagitsiri	–	–

Note:-

- (1) Ms. Huang Yushan's share options vest separately as eight equal tranches of 1,101,250 share options each. The first tranche of said share options becomes exercisable 14 November 2015. Subsequent tranches each become exercisable one year after the date the last tranche became exercisable.

The interests of the Substantial Shareholders as recorded in the Company's Register of Substantial Shareholders as at the Latest Practicable Date as set out below:-

Name of Substantial Shareholders	Shareholdings registered in the name of the Substantial Shareholder		Shareholdings in which the Substantial Shareholder is deemed to have an interest		Total Shareholdings	
	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾	Number of Shares	Percentage of issued share capital of the Company (%) ⁽¹⁾
Huang Yupeng	239,066,560	35.50	–	–	239,066,560	35.50
Chalermchai Mahagitsiri ⁽²⁾	–	–	86,850,000	12.90	86,850,000	12.90
Soleado Holdings Pte. Ltd.	61,451,035	9.13	–	–	61,451,035	9.13
Thoresen Thai Agencies Public Company Limited ⁽³⁾	–	–	61,451,035	9.13	61,451,035	9.13
Asdew Acquisition Pte Ltd	44,217,000	6.57	–	–	44,217,000	6.57
Wang Yu Huei ⁽⁴⁾	–	–	44,217,000	6.57	44,217,000	6.57

Notes:-

- (1) As a percentage of the issued share capital of the Company, comprising 673,344,828 Shares, as at the Latest Practicable Date.
- (2) Soleado Holdings Pte. Ltd. is the wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited. Mr. Chalermchai Mahagitsiri holds more than 20% direct and deemed interest in Thoresen Thai Agencies Public Company Limited. Accordingly, Mr Chalermchai Mahagitsiri is deemed to be interested in 61,451,035 Shares held by Soleado Holdings Pte. Ltd..
- Mr. Chalermchai Mahagitsiri also holds controlling interest in PM Group Company Limited. Accordingly, he is deemed to be interested in 25,398,965 Shares held by PM Group Company Limited.
- (3) Soleado Holdings Pte. Ltd. is the wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited. Accordingly, Thoresen Thai Agencies Public Company Limited is deemed to be interested in such Shares held by Soleado Holdings Pte. Ltd..
- (4) Mr. Wang Yu Huei held more than 20% shares in the capital of Asdew Acquisition Pte Ltd as at the Latest Practicable Date. Accordingly, Mr. Wang Yu Huei is deemed to be interested in such Shares held by Asdew Acquisition Pte Ltd pursuant to Section 7 of the Companies Act.

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4. DIRECTORS' RECOMMENDATION

The Directors, other than Mr. Huang Yupeng and Ms. Huang Yushan who are abstaining from making any recommendations to Shareholders pursuant to the conditions for exemption under Appendix 2 of the Take-over Code (as set out in sub-paragraph (iii) of paragraph 2.13.5 above), having fully considered, *inter alia*, the terms and rationale of the proposed renewal of the Share Buy-back Mandate as set out in this Appendix, are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 11 at the 2014 AGM relating to the renewal of the Share Buy-back Mandate.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information contained in this Appendix has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

6. ANNUAL GENERAL MEETING

The 2014 AGM will be held at Esplanade 1 Level 4 Carlton Hotel Singapore 76 Bras Basah Road Singapore 189558 on 22 April 2015 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice.

If you are a Depositor, you shall not be entitled to attend and vote at the 2014 AGM unless you are shown to have Shares entered against your name in the Depository Register not less than 48 hours before the time appointed for holding the 2014 AGM, as certified by CDP to the Company.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the 2014 AGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form attached to the Notice in accordance with the instructions printed thereon as soon as possible, and in any event so as to reach the Company's registered office, not later than 9.00 a.m. on 20 April 2015.

The Concert Party Group and their concert parties, if any, will not accept nominations to act as proxy, corporate representative or attorney to vote in respect of the Ordinary Resolution for the adoption of the renewal of the Share Buy-back Mandate unless the Shareholder appointing him or her indicates clearly how votes are to be cast in respect of the said resolution.

The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the 2014 AGM, in place of his proxy, if he wishes to do so.

8. ABSTINENCE FROM VOTING

The Concert Party Group and their concert parties, if any, will abstain from voting at the 2014 AGM in respect of the Ordinary Resolution relating to the renewal of the Share Buy-back Mandate pursuant to the conditions under Appendix 2 of the Take-over Code as set out in sub-paragraph (iii) of paragraph 2.13.5 above.

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9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at Six Battery Road, #10-01, Singapore 049909 during normal business hours from the date hereof up to the date of the 2014 AGM:-

- (a) the Annual Report of the Company; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully
for and on behalf of the Board of Directors
of Sino Grandness Food Industry Group Limited

Huang Yupeng
Chairman and Chief Executive Officer
SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

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