

APPENDIX DATED 28 MARCH 2015

This Appendix is circulated to shareholders of Hotel Royal Limited (the “Company”) together with the Company’s Annual Report. Its purpose is to explain to shareholders the rationale and provide information relating to the proposed renewal of the Share Purchase Mandate (defined herein) to be tabled at the Annual General Meeting to be held on 25 April 2015 at 2.30 p.m. at Hotel Royal @ Queens, Queen’s Room (Level 3), 12 Queen Street, Singapore 188553 (the “Annual General Meeting”).

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

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



HOTEL ROYAL LIMITED

(Registration number: 196800298G)

(Incorporated in the Republic of Singapore)

APPENDIX TO SHAREHOLDERS

in relation to the

PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

SUMMARY SHEET FOR RENEWAL OF SHARE PURCHASE MANDATE

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Summary Sheet. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

(A) Shares Purchased In The Previous Twelve Months

Pursuant to the Share Purchase Mandate obtained at the Annual General Meeting on 26 April 2014 (“Share Purchase Mandate”), the Company had not bought back any issued ordinary shares in the capital of the Company (the “Shares”) by way of market or off-market acquisitions (the “Share Purchase”).

(B) Renewal of The Share Purchase Mandate

Ordinary Resolution No. 11 if passed at the Annual General Meeting, will renew the Share Purchase Mandate from the date of the forthcoming Annual General Meeting or any adjournment thereof and will expire on the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier.

(C) Rationale For The Share Purchase Mandate

Short-term speculation may at times cause the market price of the Shares to be depressed below the true value of the Company and the Group. The proposed Share Purchase Mandate will provide the Directors with the means to restore investors’ confidence and to protect shareholders’ investments in the Company in a depressed share-price situation through judicious Share Purchases to enhance the earnings per Share and/or the net asset value per Share. The Share Purchases will enhance the net asset value per Share if the Share Purchases are made at a price below the net asset value per Share.

The proposed Share Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to shareholders as and when the Directors are of the view that this would be in the best interests of the Company and shareholders.

The Directors will only make Share Purchases as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the shareholders. The Directors will decide whether to purchase Shares only after taking into account, among other things, the market conditions at such time, the Company’s financial condition and whether such purchases will cause the Company to become insolvent (i.e. the Company is unable to pay its debts as they become due in the ordinary course of business, or the value of the Company’s assets is less than the value of its liabilities including contingent liabilities), and whether such purchases represent the most efficient and cost-effective approach to enhance Share value. Share Purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for shareholders.

The Directors will ensure that the Share Purchases will not have any effect on the listing status of the Company’s securities including the Shares listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Clause 723 of the Listing Manual of the SGX-ST requires at least ten per cent. (10%) of any class of a company’s listed securities to be held by the public at all times. The Directors shall safeguard the interests of public shareholders before undertaking any Share Purchases. Before exercising the authority comprised in the proposed Share Purchase Mandate, the Directors shall at all times take due cognizance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before any Share Purchase.

Currently, approximately 21.4 million Shares (25.42%) of a total of 84 million Shares are held by the public. The Company is of the view that there is sufficient number of Shares held by public shareholders which would permit the Company to undertake Share Purchases of up to ten per cent. (10%) of its total number of Shares without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the Share Purchases will not cause market illiquidity or affect orderly trade.

(D) Financial Impact Of Share Purchases

1. Shares purchased may be:

- (i) held by the Company; or
- (ii) dealt with, at any time, in accordance with Section 76K of the Companies Act (Chapter 50) of Singapore (the "Act"), as Treasury Shares.

Section 76K of the Act allows the Company to:

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

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent. (10%) of the total number of Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months from the date when the excess arises.

Any Share Purchase will:

- (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

by the total amount of the purchase price paid by the Company for the Shares cancelled.

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

2. The financial effects on the Company and the Group arising from Share Purchases which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.

3. Based on the Company's total number of issued Shares as at 20 March 2015 (the "Latest Practicable Date"), the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of the total number of issued Shares under the Share Purchase Mandate will result in the purchase of up to 8.4 million Shares.
4. An illustration of the impact of Share Purchases by the Company pursuant to the proposed Share Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:
 - (a) audited accounts of the Group and the Company as at 31 December 2014;
 - (b) in full exercise of the Share Purchase Mandate, 8.4 million Shares were purchased;
 - (c) the Maximum Price for the Market or Off-Market Purchases is \$3.90 per Share, which is five per cent. (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST; and
 - (d) the maximum amount of funds required for the Share Purchases in the aggregate is \$32.76 million.

(a) Market Purchase or Off-Market Purchase Made Entirely out of Capital and Held as Treasury Shares

	<u>GROUP</u>		<u>COMPANY</u>	
	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>
As at 31 December 2014				
Profit After Tax	11,178	11,178	8,851	8,851
Share Capital	100,438	100,438	100,438	100,438
Reserves	340,799	340,799	206,750	206,750
Retained Earnings	96,703	96,703	30,887	30,887
	537,940	537,940	338,075	338,075
Treasury Shares	-	(32,760)	-	(32,760)
Shareholders' Funds	537,940	505,180	338,075	305,315
Net Asset Value ("NAV") ⁽¹⁾	537,940	505,180	338,075	305,315
Current Assets	41,014	8,254	7,722	2,250
Current Liabilities	37,883	37,883	6,989	34,277
Working Capital	3,131	(29,629)	733	(32,027)
Total Liabilities	187,810	187,810	75,393	102,681
Number of Shares('000)	84,000	75,600	84,000	75,600
<u>Financial Ratios</u>				
NAV Per Share (\$)	6.40	6.68	4.02	4.04
Earnings Per Share ("EPS") (\$) ⁽²⁾	0.13	0.15	0.11	0.12
Gearing ⁽³⁾	0.29 ⁽³⁾	0.31	0.13	0.14
Current Ratio ⁽⁴⁾	1.08	0.22	1.10	0.07

Notes:

- (1) NAV equals total equity less minority interest less intangible assets.
- (2) For illustrative purposes, EPS is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Gearing equals total bank borrowings for the Group and Company respectively, divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

(b) Market Purchase or Off-Market Purchase Made Entirely out of Profits and Held as Treasury Shares

	<u>GROUP</u>		<u>COMPANY</u>	
	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>
As at 31 December 2014				
Profit After Tax	11,178	11,178	8,851	8,851
Share Capital	100,438	100,438	100,438	100,438
Reserves	340,799	340,799	206,750	206,750
Retained Earnings	96,703	96,703	30,887	30,887
	537,940	537,940	338,075	338,075
Treasury Shares	-	(32,760)	-	(32,760)
Shareholders' Funds	537,940	505,180	338,075	305,315
NAV ⁽¹⁾	537,940	505,180	338,075	305,315
Current Assets	41,014	8,254	7,722	2,250
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EPS (\$) ⁽²⁾	0.13	0.15	0.11	0.12
Gearing ⁽³⁾	0.29	0.31	0.13	0.14
Current Ratio ⁽⁴⁾	1.08	0.22	1.10	0.07

Notes:

- (1) NAV equals total equity less minority interest less intangible assets.
- (2) For illustrative purposes, EPS is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Gearing equals total bank borrowings for the Group and Company respectively, divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

(c) **Market Purchase or Off-Market Purchase Made Entirely out of Capital and Cancelled**

	<u>GROUP</u>		<u>COMPANY</u>	
	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>
As at 31 December 2014				
Profit After Tax	11,178	11,178	8,851	8,851
Share Capital	100,438	67,678	100,438	67,678
Reserves	340,799	340,799	206,750	206,750
Retained Earnings	96,703	96,703	30,887	30,887
Shareholders' Funds	<u>537,940</u>	<u>505,180</u>	<u>338,075</u>	<u>305,315</u>
NAV ⁽¹⁾	537,940	505,180	338,075	305,315
Current Assets	41,014	8,254	7,722	2,250
Current Liabilities	37,883	37,883	6,989	34,277
Working Capital	3,131	(29,629)	733	(32,027)
Total Liabilities	187,810	187,810	75,393	102,681
Number of Shares('000)	84,000	75,600	84,000	75,600
<u>Financial Ratios</u>				
NAV Per Share (\$)	6.40	6.68	4.02	4.04
EPS(\$) ⁽²⁾	0.13	0.15	0.11	0.12
Gearing ⁽³⁾	0.29	0.31	0.13	0.14
Current Ratio ⁽⁴⁾	1.08	0.22	1.10	0.07

Notes:

- (1) NAV equals total equity less minority interest less intangible assets.
- (2) For illustrative purposes, EPS is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Gearing equals total bank borrowings for the Group and Company respectively, divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

(d) **Market Purchase or Off-Market Purchase Made Entirely out of Profits and Cancelled**

	<u>GROUP</u>		<u>COMPANY</u>	
	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>	<i>Before Share Purchase (\$'000)</i>	<i>After Share Purchase (\$'000)</i>
As at 31 December 2014				
Profit After Tax ⁽¹⁾	11,178	11,178	8,851	8,851
Share Capital	100,438	100,438	100,438	100,438
Reserves	340,799	340,799	206,750	206,750
Retained Earnings	96,703	63,943	30,887	(1,873)
Shareholders' Funds	<u>537,940</u>	<u>505,180</u>	<u>338,075</u>	<u>305,315</u>
NAV ⁽²⁾	537,940	505,180	338,075	305,315
Current Assets	41,014	8,254	7,722	2,250
Current Liabilities	37,883	37,883	6,989	34,277
Working Capital	3,131	(29,629)	733	(32,027)
Total Liabilities	187,810	187,810	75,393	102,681
Number of Shares('000)	84,000	75,600	84,000	75,600
Financial Ratios				
NAV Per Share (\$)	6.40	6.68	4.02	4.04
EPS(\$) ⁽³⁾	0.13	0.15	0.11	0.12
Gearing ⁽⁴⁾	0.29	0.31	0.13	0.14
Current Ratio ⁽⁵⁾	1.08	0.22	1.10	0.07

Notes:

- (1) Assuming that a subsidiary of the Group declares and pays a dividend of approximately \$1.873 million to the Company such that it has sufficient profits for the Share Purchase.
- (2) NAV equals total equity less minority interest less intangible assets.
- (3) For illustrative purposes, EPS is computed based on profit after tax and number of Shares as shown in the table above.
- (4) Gearing equals total bank borrowings for the Group and Company respectively, divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

As at 31 December 2014, the Group and the Company had cash and bank balances, held-for-trading investments and available-for-sales investments totalling \$32.80 million and \$5.47 million respectively. In order to effect a purchase of up to 8.4 million Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves by the Company of \$32.76 million will be required. As illustrated above, the purchase of Shares will have the effect of reducing the working capital and NAV of the Group and the Company by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group and the Company as at 31 December 2014 will increase from \$6.40 to \$6.68 and \$4.02 to \$4.04 respectively. The consolidated basic EPS of the Group and the Company for the financial year ended 31 December 2014 would increase from \$0.13 per Share to \$0.15 per Share and \$0.11 per Share to \$0.12 per Share respectively as a result of the reduction in the number of issued Shares.

As the Share Purchases will reduce the cash reserves of the Group and the Company, there will be a corresponding reduction in the current assets and the shareholders' funds of the Group and the Company. The current ratios of the Group and the Company will decline. The actual impact on the current ratios will depend on the number of Shares purchased and the prices at which the Shares were purchased.

As at 31 December 2014, the Company had cash balances of approximately \$5.47 million. When undertaking any Share Purchase, the Directors will ensure that:

- (a) the Company and the Group will at all times have adequate working capital to meet its operational requirements;
 - (b) any Share Purchase will be financed by the Company's distributable profits; and
 - (c) the Company will not obtain or incur any borrowings to finance any Share Purchase.
5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2014 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2014 may not be representative of future performance.
 6. The Company intends to use its internal sources of funds to finance its Share Purchases. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.
 7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Shares Purchases would represent the most efficient and cost-effective approach to enhance the Share value. Shares Purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

(E) Consequences of Shares Purchases Under The Singapore Code on Take-over and Mergers

1. In accordance with The Singapore Code on Take-over and Mergers ("Take-over Code"), a person will be required to make a general offer for a public company if:
 - (a) he acquires 30 per cent (30%) or more of the voting rights of the company; or
 - (b) he already holds between 30 per cent (30%) and 50 per cent (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent (1%) in any six-month period.

2. As at the Latest Practicable Date and before the proposed Share Purchase Mandate, the substantial shareholders' and Directors' interests are as follows:

		Before Share Purchase		Before Share Purchase	After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Directors	No. of Shares	No. of Shares	No. of Shares	%	%
Dr Lee Keng Thon ⁽¹⁾	534,800	-	534,800	0.64	0.71
Col (Ret) Rodney How Seen Shing	-	-	-	-	-
Ng Kok Lip	-	-	-	-	-
Pang Eng Fong	-	-	-	-	-
Lee Khin Tien ⁽¹⁾	235,200	-	235,200	0.28	0.31
Lee Kin Hong ⁽¹⁾	77,280	336,000	413,280	0.49	0.55
Substantial Shareholders					
Lee Chou Hor George ^{(1),(2),(4)}	42,000	8,666,000	8,708,000	10.37	11.52
Lee Chou Tart ^{(1),(4)}	-	8,652,000	8,652,000	10.30	11.44
Aik Siew Tong Ltd ⁽³⁾	20,286,000	10,714,200	31,000,200	36.91	41.01
Hock Tart Pte Ltd ^{(3), (4),(7)}	8,652,000	20,286,000	28,938,000	34.45	38.28
The Great Eastern Life Assurance Co Ltd ⁽⁵⁾	9,310,372	-	9,310,372	11.08	12.32
Great Eastern Holdings Limited ^{(5), (6)}	-	10,054,798	10,054,798	11.97	13.30
Oversea-Chinese Banking Corporation Limited ⁽⁶⁾	-	10,054,798	10,054,798	11.97	13.30
Asia Building Bhd ^{(7), (8)}	6,875,400	1,155,000	8,030,400	9.56	10.62
Melodies Limited ⁽³⁾	7,560,000	-	7,560,000	9.00	10.00
Other Shareholders					
Lee Chou Hock ^{(1),(3),(4), (9)}	126,000	2,800	128,800	0.15	0.17
The Singapore-Johore Express (Private) Limited ⁽³⁾	3,154,200	-	3,154,200	3.76	4.17
Chip Keng Building Bhd ⁽⁸⁾	1,155,000	-	1,155,000	1.38	1.53

Notes:

- (1) Dr Lee Keng Thon, Mr Lee Khin Tien, Mr Lee Kin Hong are siblings and Mr Lee Chou Hor George, Mr Lee Chou Tart and Mr Lee Chou Hock are their nephews. Dr Lee Keng Thon, Mr Lee Khin Tien, Mr Lee Kin Hong, Mr Lee Chou Hor George, Mr Lee Chou Tart and Mr Lee Chou Hock together with their parents, siblings, spouses, children, nieces and nephews, as the case may be, shall be known as the "Lee Family".
- (2) Mr Lee Chou Hor George is deemed interested in the 8,652,000 Shares (10.30%) held by Hock Tart Pte Ltd ("Hock Tart") and the 14,000 Shares (0.02%) held by his spouse.

- (3) Aik Siew Tong Ltd ("AST") is wholly-owned by Hock Tart Pte Ltd and the Lee Family. AST holds 83.4% and 69.1% of the share capital of Melodies Limited ("Melodies") and The Singapore-Johore Express (Private) Limited ("S-J Express") respectively and is deemed to be interested in the 7,560,000 Shares and 3,154,200 Shares held by Melodies and S-J Express respectively. The Lee Family directly holds 14.42% and 22.93% (inclusive of the 2.27% held by Mr Lee Chou Hock) of the shareholdings in Melodies and S-J Express respectively. The other shareholders of Melodies and S-J Express are non-related third parties.
- (4) Hock Tart is wholly-owned by the Lee Family. As Hock Tart holds 31.7% of the share capital of AST, it is therefore deemed interested in the Shares held by AST. Each of Mr Lee Chou George and Mr Lee Chou Tart owns 23.80% of the shareholdings in Hock Tart and they are therefore deemed interested in the Shares held by Hock Tart. In addition, Mr Lee Chou Hock, his son and daughter own 12.22%, 6.07% and 5.51% of the shareholdings in Hock Tart respectively. And accordingly, Mr Lee Chou Hock is interested in the Shares of Hock Tart.
- (5) Great Eastern Holdings Limited is deemed interested in the 10,054,798 comprising 9,310,372 Shares held by The Great Eastern Life Assurance Co Ltd, a wholly-owned subsidiary of Great Eastern Holdings Limited, 741,066 Shares registered in the name of its subsidiary, The Great Eastern Trust Private Limited and 3,360 Shares registered in the name of United Overseas Bank Nominees Pte Ltd.
- (6) Oversea-Chinese Banking Corporation Limited is deemed to be interested in the Shares held by Great Eastern Life Assurance Company Ltd through Great Eastern Holdings Ltd.
- (7) Asia Building Bhd is wholly-owned by Hock Tart and the Lee Family.
- (8) Chip Keng Building Bhd is the wholly-owned subsidiary of Asia Building Bhd which is deemed interested in the 1,155,000 Shares held by Chip Keng Building Bhd.
- (9) Mr Lee Chou Hock is the Chief Executive Officer of the Company. He is deemed interested in the 2,800 Shares (0.003%) held by his spouse.

The Lee Family together with their holding companies, AST, Hock Tart, Asia Building Bhd, Melodies and S-J Express own an aggregate of 63.55% of the Shares.

In the event the Company undertakes Share Purchases of up to ten per cent. (10%) of the total number of Shares as permitted by the Share Purchase Mandate, the shareholdings and voting rights of the Lee Family and their holding companies will remain above fifty per cent. (50%), hence no general offer is required to be made by any of the abovementioned substantial shareholders pursuant to the Take-Over Code.

(F) Miscellaneous

1. Any Share Purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.
2. In making Share Purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Share Purchases. Rule 886 is reproduced below:
 - “(1) An issuer must notify the Exchange of any share buy-back as follows:
 - (a) In the case of a market acquisition, by 9.00 am on the market day following the day on which it purchased Shares,
 - (b) In the case of an off market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.

- (2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange)."
3. Share Purchases will be made in accordance with the "Guidelines on Shares Purchases" as set out in Appendix I of the Company's Circular to Shareholders dated 9 April 2009, a copy of which is annexed. All information required under the Act relating to the Shares Purchase Mandate is contained in the said Guidelines.
4. The SGX-ST Listing Manual does not expressly prohibit any purchase of Shares by a listed company during any particular time or times. However, as a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will undertake not to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing one month immediately preceding the announcement of the Company's full-year and half-year results and the period of two weeks immediately preceding the announcement of its quarterly results.

(G) Directors' Responsibility Statement

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

(H) Directors' Recommendation

The Directors of the Company are of the opinion that the renewal of the proposed Shares Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution 11 to be passed at the forthcoming Annual General Meeting.

(I) Taxation

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

(J) Documents For Inspection

Copies of the following documents may be inspected at the registered office of the Company at 36 Newton Road, Singapore 307964 during normal business hours up to and including the date of the Annual General Meeting:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2014.

(K) Compliance With Governing Laws, Regulations And The Articles Of Association

The Company confirms that the terms of the Share Buyback Mandate in the Appendix do not contravene any laws and regulations governing the Company and the articles of association of the Company.

ANNEXURE TO SUMMARY SHEET
GUIDELINES ON SHARES PURCHASES

1. Shareholders' Approval

- (a) Purchases of Shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company representing up to ten per cent. (10%) of the issued ordinary shares in the capital of the Company (excluding any Shares held as Treasury Shares) will expire on the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.
- (c) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares shall be renewed at the next Annual General Meeting of the Company.
- (d) When seeking Shareholders' approval for the renewal of the Share Purchase Mandate, the Company shall disclose details pertaining to the purchases of Shares made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest price for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2. Mode Of Purchase

Share Purchases can be effected by the Company in either one of the following two ways or both:

- (a) by way of Market Purchases of Shares on the Official List of the SGX-ST, which means a purchase transacted through the ready market; or
- (b) by way of off-market acquisitions on an equal access scheme in accordance with section 76C of the Act.

3. Funding Of Share Purchases

- (a) In purchasing the Shares, the Company may only apply funds legally permitted for such purchase in accordance with its Articles of Association, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Singapore.
- (b) Any purchase by the Company may be made out of capital or profits that are available for distribution as dividends, so long as the Company is solvent (as defined by Section 76F(4) of the Act).
- (c) The Company may not purchase its Shares on the Official List of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

4. Trading Restrictions

The number of Shares which can be purchased pursuant to the Share Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent. (10%) of the issued ordinary shares in the capital of the Company (excluding Treasury Shares) as at date of the last Annual General Meeting of the Company or at the date of the Extra Ordinary General Meeting, whichever is the higher.

5. Price Restrictions

Any Share Purchase undertaken by the Company shall be at the price of up to but not exceeding the Maximum Price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.

6. Off-Market Purchases

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall issue an offer document to all Shareholders. The offer document shall contain, inter alia, the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Shares purchased by the Company that will arise under the Singapore Code on Take-over and Mergers or any other applicable take-over rules;
 - (v) whether the purchase of Shares, if made, would have any effect on the listing of the Company's securities on the Official List of the SGX-ST;
 - (vi) details of any purchase of Shares made by the Company in the previous 12 months whether through Market Purchases or Off-Market Purchases, 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; and
 - (vii) Whether the Shares purchased by the issuer will be cancelled or kept as Treasury Shares.
- (b) All Offeree Shareholders shall be given a reasonable opportunity to accept any offer made by the Company to purchase their Shares under the Share Purchase Mandate.
- (c) The Company may offer to purchase Shares from time to time under the Share Purchase Mandate subject to the requirement that the terms of any offer to purchase Shares by the Company shall be *pari passu* in respect of all Offeree Shareholders save under the following circumstances:
 - (i) where there are differences in consideration attributable to the fact that an offer relates to Shares with different dividend entitlements;

- (ii) where there are differences in consideration attributable to the fact that an offer relates to Shares with different amounts remaining unpaid; and
- (iii) where there are differences in an offer introduced solely to ensure that every Shareholder is left with a whole number of Shares in board lots of 1,000 Shares after the Share Purchases, in the event there are Offeree Shareholders holding odd numbers of Shares.

7. Status Of Purchased Shares

The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Act. Section 76H of the Act allows purchased Shares to be:

- (i) held by the Company; or
- (ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

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

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any Share Purchase will:

- (i) reduce the amount of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

by the total amount of the purchase price paid by the Company for the Shares cancelled.

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

8. Notification To ACRA

- (a) Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase of Shares, the Company shall lodge a copy of such resolution with ACRA.
- (b) The Company shall notify ACRA within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number and nominal value of Shares purchased by the Company, the issued Shares in the capital of the Company as at the date of the Shareholders' resolution approving the purchase, the Company's issued Shares in the capital after the purchase and the amount of consideration paid by the Company for the purchase.

9. Notification To The SGX-ST

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the second trading day after the close of acceptances of an offer, or within such time period that may be prescribed by the SGX-ST from time to time.
- (b) For purchases of Shares made by way of a Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the trading day following the date of market acquisition by the Company, or within such time period that may be prescribed by the SGX-ST from time to time.

10. Suspension Of Purchase

- (a) The Company may not undertake any Share Purchase prior to the announcement of any price-sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.
- (b) The Company may not effect any repurchases of Shares on the SGX-ST 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 one month before half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.