

CIRCULAR DATED 23 MARCH 2018

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

THIS CIRCULAR IS ISSUED BY HEATEC JIETONG HOLDINGS LTD. (THE “COMPANY”). IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS CIRCULAR, OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled “DEFINITIONS”.

If you have sold or transferred all your Shares held through CDP, you need not forward this Circular 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 Circular 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 represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Annual General Meeting and the attached proxy form 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.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.



HEATEC JIETONG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200717808Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

This Circular is issued to you together with the Annual Report 2017 of Heatec Jietong Holdings Ltd.. The ordinary resolution proposed to be passed in relation to the above matter is set out as Ordinary Resolution 8 in the Notice of Annual General Meeting dated 23 March 2018, attached to the Annual Report 2017.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:-

“AGM”	:	An annual general meeting of the Company
“Annual Report 2017”	:	The annual report of the Company for FY2017
“Associate”	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Board”	:	The board of Directors as at the date of this Circular
“Catalist”	:	The Catalist board of the SGX-ST
“Catalist Rules”	:	Section B: Rules of Catalist of the listing manual of the SGX-ST, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 23 March 2018
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	Heatec Jietong Holdings Ltd.
“Constitution”	:	The constitution of the Company, as may be amended or modified from time to time

DEFINITIONS

“Controlling Shareholder”	:	a person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares in the company excluding treasury shares and subsidiary holdings. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	An extraordinary general meeting of the Company
“EPS”	:	Earnings per Share
“FY2017”	:	The financial year ended 31 December 2017
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	14 March 2018, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Performance Share Plan”	:	The Heatec Performance Share Plan, as may be amended or modified from time to time
“Register of Members”	:	The register of members of the Company
“Registrar”	:	The Registrar of Companies appointed under the Companies Act, and includes any Deputy or Assistant Registrar of Companies
“Regulations”	:	The regulations of the Constitution contained in the Constitution for the time being in force
“Relevant Period”	:	The period commencing from the date on which the ordinary resolution in relation to the proposed renewal of the Share Purchase Mandate is passed at the AGM to be convened, and expiring on the date the next AGM is or is required by law to be held, whichever is the earlier

DEFINITIONS

“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean the Depositors who have shares entered against their names in the Depository Register
“Share Purchase Mandate”	:	The general mandate given by Shareholders to authorise Directors to purchase or otherwise acquire Shares on behalf of the Company in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Catalist Rules
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who has an interest in voting shares in the Company and the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time

Currencies and Units

“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms “**subsidiary**” and “**treasury shares**” shall have the meaning ascribed to them respectively in the Companies Act.

The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Catalist Rules.

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 and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

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

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Catalist Rules or any statutory modification thereof, as the case may be.

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

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

HEATEC JIETONG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200717808Z)

Directors:

Ong Beng Chye (*Non-Executive Chairman and Independent Director*)
Soon Jeffrey (*Executive Director and Chief Executive Officer*)
Anthony Ang Meng Huat (*Independent Director*)
Michael Seow Teo Tiew (*Independent Director*)

Registered Office:

10 Tuas South Street 15
Singapore 637076

23 March 2018

To: The Shareholders of Heatec Jietong Holdings Ltd.

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

1.1 At the EGM held on 17 April 2017, Shareholders approved the adoption of a Share Purchase Mandate to enable the Company to purchase or otherwise acquire its issued Shares.

As the Share Purchase Mandate will expire on the date of the forthcoming AGM, being 16 April 2018, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

1.2 In connection with the above, the Directors refer to the Notice of AGM dated 23 March 2018, accompanying the Annual Report 2017, to convene the AGM to be held on 16 April 2018 and the Ordinary Resolution 8 under the heading "As Special Business" set out in the Notice of AGM to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate.

1.3 The purpose of this Circular is to explain the rationale for, and provide Shareholders with the relevant information relating to the proposed renewal of the Share Purchase Mandate, and to seek Shareholders' approval for the Ordinary Resolution 8 relating to the same at the forthcoming AGM to be held on Monday, 16 April 2018 at 10.00 a.m. at 10 Tuas South Street 15, Singapore 637076.

1.4 The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

LETTER TO SHAREHOLDERS

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

- 2.1.1 The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.
- 2.1.2 Regulation 50(3) of the Constitution provides that the Company may, subject to and in accordance with the Companies Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire its issued Shares on such terms and in such manner as the Company may from time to time think fit.
- 2.1.3 Rule 866 of the Catalist Rules provides that a company may purchase its own shares if it has obtained the prior specific approval of shareholders in a general meeting.
- 2.1.4 At the EGM held on 17 April 2017, Shareholders approved the adoption of a Share Purchase Mandate to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate, amongst others, were set out in the Company's circular to Shareholders dated 24 March 2017. As the Share Purchase Mandate will expire on the date of the forthcoming AGM, being 16 April 2018, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.
- 2.1.5 If Shareholders approve the renewal of the Share Purchase Mandate at the AGM to be convened, the authority conferred by the Share Purchase Mandate will take effect from the date of the AGM to be convened and continue in force until the date on which the next AGM is held or required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate have been carried out to the full extent mandated, or the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting, whichever is the earliest. The Share Purchase Mandate may be renewed at each subsequent AGM or other general meetings of the Company.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Share Purchase Mandate

- 2.2.1 The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and the Directors 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. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the EPS and/or NTA per Share.
- 2.2.2 Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view of enhancing the EPS and/or NTA per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.
- 2.2.3 The Share Purchase Mandate also enables the Directors to purchase or acquire Shares, hold the repurchased Shares as treasury shares and utilise such treasury shares for the purposes of granting awards of Shares under the Performance Share Plan, approved by Shareholders at an EGM held on 18 June 2009 or in such manner as may be permitted by and in accordance with the Companies Act and such other applicable laws and regulations.
- 2.2.4 If and when the circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases (as defined in paragraph 2.3.3 below) or Off-Market Purchases (as defined in paragraph 2.3.3 below), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.
- 2.2.5 The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 Terms of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if renewed at the forthcoming AGM, are summarised below.

2.3.1 Maximum Number of Shares

Only Shares which 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 Purchase Mandate shall not exceed 10% of the total number of issued Shares as at the date on which the resolution authorising the Share Purchase Mandate is passed (excluding treasury shares and subsidiary holdings), unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the issued share

LETTER TO SHAREHOLDERS

capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time). Treasury shares and subsidiary holdings shall be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, based on 122,959,345 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the forthcoming AGM, the purchase or acquisition by the Company pursuant to the Share Purchase Mandate of up to 9%⁽¹⁾ of its issued Shares will result in the purchase or acquisition of 11,066,341 Shares.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the Share Purchase Mandate is approved for renewal, up to the earliest of:

- (a) the date on which the next AGM is held or is required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases transacted on the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose (each a "**Market Purchase**"); and/or
- (b) off-market purchases effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act and the Catalist Rules (each an "**Off-Market Purchase**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

(1) Based on the public float of the Company as at the Latest Practicable Date of 18.92%, in the event the Company purchases or acquires up to the limit of 10% of its issued Shares permitted under the Share Purchase Mandate, the public float of the Company will fall to under 10%. Please refer to paragraph 2.11 of this Circular for further details. In view of this, for the purpose of illustrating the financial effects of the Share Purchase Mandate on the Company and the Group, the Company had deviated from the market practice of assuming that Shares purchased or acquired by the Company is up to the maximum limit of 10% permitted under the Share Purchase Mandate, and had instead assumed that the Company will purchase or acquire up to 11,066,341 Shares, or 9% of its issued Shares pursuant to the Share Purchase Mandate.

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Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

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

In addition, Rule 870 of the Catalist Rules provides that, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares by the Company;
- (4) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the proposed purchase or acquisition of Shares by the Company, if made, could affect the Company's equity securities on Catalist;
- (6) details of any purchase or acquisition of Shares by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share purchases, where relevant, and the total consideration paid for the Share purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, 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 to be paid for the Shares as determined by the Directors must not exceed:

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

in each case, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses of the purchase or acquisition (the **“Maximum Price”**).

For the purposes of determining the Maximum Price:

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

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price determined 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 the Purchased Shares**

2.4.1 Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act and the Constitution, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the Share will expire on such cancellation. Accordingly, the total number of issued Shares will be diminished by such number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.4.2 Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following the settlement of any purchase or acquisition of such Shares.

LETTER TO SHAREHOLDERS

- 2.4.3 At the time of each purchase or acquisition of Shares, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, taking into consideration the then prevailing circumstances and requirements of the Company and as the Directors deem fit in the interest of the Company at the relevant time.

2.5 Treasury Shares

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

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

2.5.2 Voting and Other Rights

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

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. 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.

2.5.3 Disposal and Cancellation

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

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

LETTER TO SHAREHOLDERS

In addition, under Rule 704(31) of the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) 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
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

2.6.1 The Company may not purchase or acquire Shares on the SGX-ST for a consideration other than cash and/or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

2.6.2 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 manager of the 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, the Company is solvent if at the date of the relevant payment, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if –
 - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition, variation or release of Shares, become less than the value of its liabilities (including contingent liabilities).

LETTER TO SHAREHOLDERS

2.6.3 The Company intends to use internal resources and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The Directors will principally consider the availability of internal resources. The Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will particularly consider the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of Shares in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

2.7 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the NTA or EPS as the financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Group and the Company will depend on, *inter alia*, (i) whether the Shares are purchased or acquired out of profits and/or capital of the Company, (ii) the number of Shares purchased or acquired, (iii) the consideration paid for such Shares, and (iv) whether the Shares purchased or acquired are held in treasury or cancelled.

The financial effects on the Company and the Group, based on the latest audited financial statements of the Company and the Group for FY2017, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Purchase Mandate had taken place on the Latest Practicable Date; and
- (b) transaction costs incurred for the purpose of purchase or acquisition of Shares pursuant to the Share Purchase Mandate have been assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1 Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the purchased or acquired 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 or acquired out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased or acquired out of the profits of the Company; or

LETTER TO SHAREHOLDERS

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

If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there will be no change in the Company's issued capital.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The amount of funding required for the Company to purchase or acquire its own Shares and the financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

2.7.2 Number of Shares Acquired or Purchased

For illustrative purposes only, based on 122,959,345 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the forthcoming AGM, the purchase or acquisition by the Company pursuant to the Share Purchase Mandate of up to 9% of its issued Shares will result in the purchase or acquisition of 11,066,341 Shares. Please refer to paragraph 2.3.1 of this Circular for further details on the maximum number of Shares that the Company can purchase or acquire under the Share Purchase Mandate.

2.7.3 Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 11,066,341 Shares at the Maximum Price of S\$0.065 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the 5 consecutive 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 the 11,066,341 Shares is approximately S\$719,312 (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

LETTER TO SHAREHOLDERS

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 11,066,341 Shares at the Maximum Price of S\$0.074 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the 5 consecutive 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 the 11,066,341 Shares is approximately S\$818,909 (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

2.7.4 Illustrative Financial Effects

For illustrative purposes only, and on the basis of the assumptions set out above, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;
- (b) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled;
- (c) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and held as treasury shares; and
- (d) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled,

on the latest audited consolidated financial statements of the Group for FY2017 pursuant to the Share Purchase Mandate are set out below.

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(i) Purchases made entirely out of profits and/or capital and held as treasury shares

(A) *Market Purchases of 11,066,341 Shares at the Maximum Price of S\$0.065 per Share*

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<u>As at 31 December 2017</u>				
Share Capital	11,555	11,555	11,555	11,555
Other Reserves	(3,724)	(3,724)	99	99
Retained Earnings	11,665	11,665	546	546
Treasury Shares	–	(719)	–	(719)
Shareholders' Funds	19,496	18,777	12,200	11,481
NTA ⁽¹⁾	19,208	18,489	12,200	11,481
NAV	21,791	21,072	12,200	11,481
Total Equity	21,791	21,072	12,200	11,481
Current Assets	19,081	18,362	2,583	1,864
Current Liabilities	7,523	7,523	2,249	2,249
Total Borrowings ⁽²⁾	5,180	5,180	–	–
Cash and Cash Equivalents ⁽³⁾	2,601	1,882	40	40
(Loss)/Profit for the Year	(4,587)	(4,587)	130	130
Number of Shares excluding treasury shares ⁽⁴⁾ (in '000)	122,959	111,893	122,959	111,893
Number of treasury shares (in '000)	–	11,066	–	11,066
Financial Ratios				
NTA per Share ⁽¹⁾ (S\$)	0.16	0.17	0.10	0.10
NAV per Share (S\$)	0.18	0.19	0.10	0.10
Gross Debt Gearing ⁽⁵⁾ (times)	0.24	0.25	–	–
Net Debt Gearing ⁽⁶⁾ (times)	0.12	0.16	–	–
Current Ratio (times)	2.54	2.44	1.15	0.83
EPS (cents)	(3.74)	(4.10)	0.11	0.12

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(B) *Off-Market Purchases of 11,066,341 Shares at the Maximum Price of S\$0.074 per Share*

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<u>As at 31 December 2017</u>				
Share Capital	11,555	11,555	11,555	11,555
Other Reserves	(3,724)	(3,724)	99	99
Retained Earnings	11,665	11,665	546	546
Treasury Shares	–	(819)	–	(819)
Shareholders' Funds	19,496	18,677	12,200	11,381
NTA ⁽¹⁾	19,208	18,389	12,200	11,381
NAV	21,791	20,972	12,200	11,381
Total Equity	21,791	20,972	12,200	11,381
Current Assets	19,081	18,262	2,583	1,764
Current Liabilities	7,523	7,523	2,249	2,249
Total Borrowings ⁽²⁾	5,180	5,180	–	–
Cash and Cash Equivalents ⁽³⁾	2,601	1,782	40	40
(Loss)/Profit for the Year	(4,587)	(4,587)	130	130
Number of Shares excluding treasury shares ⁽⁴⁾ (in '000)	122,959	111,893	122,959	111,893
Number of treasury shares (in '000)	–	11,066	–	11,066
Financial Ratios				
NTA per Share ⁽¹⁾ (S\$)	0.16	0.16	0.10	0.10
NAV per Share (S\$)	0.18	0.19	0.10	0.10
Gross Debt Gearing ⁽⁵⁾ (times)	0.24	0.25	–	–
Net Debt Gearing ⁽⁶⁾ (times)	0.12	0.16	–	–
Current Ratio (times)	2.54	2.43	1.15	0.78
EPS (cents)	(3.74)	(4.10)	0.11	0.12

Notes:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests). NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Total borrowings equals to loans, finance lease liabilities and loans from other parties.
- (3) Cash and cash equivalents exclude restricted cash balance.
- (4) Number of Shares as at 31 December 2017 excludes 11,066,341 Shares that have been assumed to be held as treasury shares.
- (5) Gross debt gearing equals to total borrowings divided by total equity.
- (6) Net debt gearing equals to total borrowings less cash and cash equivalent divided by total equity.

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(ii) Purchases made entirely out of profits and/or capital and cancelled

(A) Market Purchases of 11,066,341 Shares at the Maximum Price of S\$0.065 per Share

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<u>As at 31 December 2017</u>				
Share Capital	11,555	10,836	11,555	10,836
Other Reserves	(3,724)	(3,724)	99	99
Retained Earnings	11,665	11,665	546	546
Treasury Shares	–	–	–	–
Shareholders' Funds	19,496	18,777	12,200	11,481
NTA ⁽¹⁾	19,208	18,489	12,200	11,481
NAV	21,791	21,072	12,200	11,481
Total Equity	21,791	21,072	12,200	11,481
Current Assets	19,081	18,362	2,583	1,864
Current Liabilities	7,523	7,523	2,249	2,249
Total Borrowings ⁽²⁾	5,180	5,180	–	–
Cash and Cash Equivalents ⁽³⁾	2,601	1,882	40	40
(Loss)/Profit for the Year	(4,587)	(4,587)	130	130
Number of Shares excluding treasury shares ⁽⁴⁾ (in '000)	122,959	111,893	122,959	111,893
Number of treasury shares (in '000)	–	–	–	–
Financial Ratios				
NTA per Share ⁽¹⁾ (S\$)	0.16	0.17	0.10	0.10
NAV per Share (S\$)	0.18	0.19	0.10	0.10
Gross Debt Gearing ⁽⁵⁾ (times)	0.24	0.25	–	–
Net Debt Gearing ⁽⁶⁾ (times)	0.12	0.16	–	–
Current Ratio (times)	2.54	2.44	1.15	0.83
EPS (cents)	(3.74)	(4.10)	0.11	0.12

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(B) *Off-Market Purchases of 11,066,341 Shares at the Maximum Price of S\$0.074 per Share*

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<u>As at 31 December 2017</u>				
Share Capital	11,555	10,736	11,555	10,736
Other Reserves	(3,724)	(3,724)	99	99
Retained Earnings	11,665	11,665	546	546
Treasury Shares	–	–	–	–
Shareholders' Funds	19,496	18,677	12,200	11,381
NTA ⁽¹⁾	19,208	18,389	12,200	11,381
NAV	21,791	20,972	12,200	11,381
Total Equity	21,791	20,972	12,200	11,381
Current Assets	19,081	18,262	2,583	1,764
Current Liabilities	7,523	7,523	2,249	2,249
Total Borrowings ⁽²⁾	5,180	5,180	–	–
Cash and Cash Equivalents ⁽³⁾	2,601	1,782	40	40
(Loss)/Profit for the Year	(4,587)	(4,587)	130	130
Number of Shares excluding treasury shares ⁽⁴⁾ (in '000)	122,959	111,893	122,959	111,893
Number of treasury shares (in '000)	–	–	–	–
Financial Ratios				
NTA per Share ⁽¹⁾ (S\$)	0.16	0.16	0.10	0.10
NAV per Share (S\$)	0.18	0.19	0.10	0.10
Gross Debt Gearing ⁽⁵⁾ (times)	0.24	0.25	–	–
Net Debt Gearing ⁽⁶⁾ (times)	0.12	0.16	–	–
Current Ratio (times)	2.54	2.43	1.15	0.78
EPS (cents)	(3.74)	(4.10)	0.11	0.12

Notes:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests). NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Total borrowings equal loans, finance lease liabilities and loans from other parties.
- (3) Cash and cash equivalents exclude restricted cash balance.
- (4) Number of Shares as at 31 December 2017 excludes 11,066,341 Shares that have been assumed to be cancelled.
- (5) Gross debt gearing equals to total borrowings divided by total equity.
- (6) Net debt gearing equals to total borrowings less cash and cash equivalents divided by total equity.

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Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical audited financial statements of the Company and the Group for FY2017, and is not necessarily representative of future financial performance and financial position.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would like to emphasise that they do not propose to carry out purchases or acquisitions of the Shares to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution.

2.8 Catalyst Rules

Rule 871 of the Catalyst Rules specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

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

The Catalyst Rules do not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of consideration and/or a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalyst Rules.

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In particular, in line with the best practices on dealings in securities under Rule 1204(19) of the Catalist Rules, the Company would not purchase or acquire any Share through Market Purchases during the periods commencing 1 month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial results.

2.9 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar. The Company shall notify the Registrar within 30 days of a purchase or acquisition of Shares on Catalist or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or acquired 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 or acquisition of Shares and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required by the Registrar in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.10 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a Take-Over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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Unless the contrary is established, *inter alia*, the following persons will be presumed to be acting in concert with each other:

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, a company is an "associated company" of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned 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 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of 6 months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares and subsidiary holdings shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate to be proposed at the AGM to be convened.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases or acquisitions by the Company.

2.10.4 Application of the Take-Over Code

Assuming that:

- (a) the Company purchases or acquires Shares pursuant to the Share Purchase Mandate up to 9% of the issued Shares (excluding treasury shares and subsidiary holdings) (please refer to paragraph 2.3.1 of this Circular for further details on the maximum number of Shares that the Company can purchase or acquire under the Share Purchase Mandate);
- (b) no new Shares are issued following Shareholders' approval of the proposed renewal of the Share Purchase Mandate at the AGM to be convened; and
- (c) such Shares are either cancelled or held as treasury shares,

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the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of 9% of the issued Shares (excluding treasury shares and subsidiary holdings) pursuant to the Share Purchase Mandate, shall be as follows:

	Number of Shares Before Share Purchase			Voting Rights in the Company (%)	
	Direct Interest	Deemed Interest	Total Interest	Before Share Purchase ⁽¹⁾	After Share Purchase ⁽²⁾
<u>Directors</u>					
Ong Beng Chye	3,148,445	–	3,148,445	2.56	2.81
Soon Jeffrey	1,400,000	–	1,400,000	1.14	1.25
Seow Teo Tiew	–	–	–	–	–
Anthony Ang Meng Huat	–	–	–	–	–
<u>Substantial Shareholders (other than Directors)</u>					
Tru-Marine Pte. Ltd.	32,030,678	–	32,030,678	26.05	28.63
Loke Weng Seng ⁽³⁾	–	32,030,678	32,030,678	26.05	28.63
Loke Yuen Kong ⁽⁴⁾	–	32,030,678	32,030,678	26.05	28.63
Chan Hon Sing ⁽⁵⁾	–	32,030,678	32,030,678	26.05	28.63
Yong Yeow Sin ⁽⁶⁾	27,214,599	4,816,078	32,030,677	26.05	28.63
Johnny Soon Yeow Kwee ⁽⁷⁾	22,273,599	4,816,078	27,089,677	22.03	24.21

Notes:

- (1) Based on 122,959,345 Shares as at the Latest Practicable Date.
- (2) Based on 111,893,004 Shares after Share purchases of 11,066,341 Shares, being 9% of the existing issued Shares as at the Latest Practicable Date.
- (3) Mr Loke Weng Seng is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.
- (4) Mr Loke Yuen Kong is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.
- (5) Mr Chan Hon Sing is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.
- (6) Mr Yong Yeow Sin is deemed to have an interest in the 4,816,078 Shares held by his spouse, Madam Ng Guick Kim.
- (7) Mr Johnny Soon Yeow Kwee is deemed to have an interest in the 4,816,078 Shares held by his spouse, Madam Jasmine Ow Ah Foong.

In the event that the Company undertakes any purchase or acquisition of Shares of up to 9% of its issued Shares (excluding treasury shares and subsidiary holdings) as permitted by the Share Purchase Mandate, the aggregate shareholdings and voting rights of:

- (a) the Directors and their respective concert parties (as defined in the Take-over Code) will remain under 30%; and

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- (b) the Substantial Shareholders, Tru-Marine Pte. Ltd., Loke Weng Seng, Loke Yuen Kong, Chan Hon Sing, Yong Yeow Sin and Johnny Soon Yeow Kwee and their respective concert parties (as defined in the Take-over Code) will remain under 30%,

and accordingly, no general offer is required to be made pursuant to the Take-over Code.

The Company has adopted the foregoing assumption of Share purchases or acquisitions of up to 9% of its issued Shares as its public float will fall to under 10% should it undertake any purchase or acquisition of its Shares up to the maximum limit of 10% permitted under the Share Purchase Mandate.

Save as disclosed, based on the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s), Director(s) and/or Shareholder(s) who 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 or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

2.11 Listing Status of Shares on the SGX-ST

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders.

The expression “**public**” is defined under the Catalist Rules as persons other than (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries; and (b) the associates (as defined in the Catalist Rules) of the persons described in paragraph (a).

Save as to the extent as permitted under the applicable laws, the Company does not have any individual shareholding limit or foreign shareholding limit. As at the Latest Practicable Date, there are 23,259,868 Shares in the hands of the public, representing 18.92% of the issued Shares of the Company (there being no treasury shares held by the Company or subsidiary holdings as at the Latest Practicable Date). Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public on the Latest Practicable Date, being 12,295,934 Shares, the number of Shares in the hands of the public would be reduced to 10,963,934 Shares, representing 9.91% of the issued Shares of the Company (excluding the aforementioned 12,295,934 Shares purchased or acquired by the Company). For the avoidance of doubt, there are no treasury shares held by the Company or subsidiary holdings as at the Latest Practicable Date.

As such, the Company will not undertake any Share purchase or acquisition up to the maximum limit of 10% and will instead only undertake a Share purchase or acquisition of up to 11,066,341 Shares, or 9% of its issued Shares pursuant to the Share Purchase Mandate so as to maintain its public float of not less than 10%, and ensure its compliance with Rule 723 of the Catalist Rules. Assuming that the Company purchases or acquires its Shares through Market Purchases up to 9% from the public on the Latest Practicable Date, the number of Shares in the hands of the public would be reduced to 12,193,527 Shares,

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representing 10.9% of the issued Shares of the Company (excluding the aforementioned 11,066,341 Shares purchased or acquired by the Company).

Accordingly, the Directors are of the view that there is, at present, a sufficient number of Shares held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to 9% of its issued Shares without 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 affect orderly trading of the Shares.

2.12 Shares bought by the company in the past 12 months

The Company has not purchased or acquired any Shares within the past 12 months preceding the Latest Practicable Date.

2.13 Tax implications

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 advisers.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings of the Company maintained respectively pursuant to Sections 164 and 88 of the Companies Act, are as follows:

	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾	Total Interest	% ⁽¹⁾
Directors						
Ong Beng Chye	3,148,445	2.56	–	–	3,148,445	2.56
Soon Jeffrey	1,400,000	1.14	–	–	1,400,000	1.14
Seow Teo Tiew	–	–	–	–	–	–
Anthony Ang Meng Huat	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Tru-Marine Pte. Ltd.	32,030,678	26.05	–	–	32,030,678	26.05
Loke Weng Seng ⁽²⁾	–	–	32,030,678	26.05	32,030,678	26.05
Loke Yuen Kong ⁽³⁾	–	–	32,030,678	26.05	32,030,678	26.05
Chan Hon Sing ⁽⁴⁾	–	–	32,030,678	26.05	32,030,678	26.05
Yong Yeow Sin ⁽⁵⁾	27,214,599	22.13	4,816,078	3.92	32,030,677	26.05
Johnny Soon Yeow Kwee ⁽⁶⁾	22,273,599	18.11	4,816,078	3.92	27,089,677	22.03

Notes:

- (1) Based on 122,959,345 Shares as at the Latest Practicable Date.
- (2) Mr Loke Weng Seng is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.
- (3) Mr Loke Yuen Kong is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.
- (4) Mr Chan Hon Sing is deemed to have an interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of him being a director and shareholder in Tru-Marine Pte. Ltd.

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- (5) Mr Yong Yeow Sin is deemed to have an interest in the 4,816,078 Shares held by his spouse, Madam Ng Guick Kim.
- (6) Mr Johnny Soon Yeow Kwee is deemed to have an interest in the 4,816,078 Shares held by his spouse, Madam Jasmine Ow Ah Foong.

3.2 Save as disclosed in this Circular, the Directors and the Substantial Shareholders do not have any interest, whether directly or indirectly, in the Shares.

4. DIRECTORS' RECOMMENDATION

Having reviewed, *inter alia*, the terms and rationale of the proposed Share Purchase Mandate, the Directors are of the opinion that the proposed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Ordinary Resolution 8 relating to the proposed renewal of the Share Purchase Mandate at the AGM to be convened, as set out in the Notice of AGM despatched to Shareholders together with the Annual Report 2017.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed 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 Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076 during normal business hours from the date of this Circular up to and including the date of the AGM to be held on Monday, 16 April 2018 at 10.00 a.m.:

- (a) the Constitution of the Company; and
- (b) the Annual Report 2017.

Yours faithfully
For and on behalf of the Board of Directors of
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
Executive Director and Chief Executive Officer
23 March 2018

