**APPENDIX DATED 3 OCTOBER 2016**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**This Appendix is issued by Ryobi Kiso Holdings Ltd. ("Company"). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Appendix is circulated to the Shareholders of the Company (as defined herein) together with the annual report of the Company for the financial year ended 30 June 2016 ("**Annual Report**"). Its purpose is to provide the Shareholders with information relating to and explaining to Shareholders the rationale for the proposed renewal of the Share Buyback Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on 19 October 2016 at 10.00 a.m. at The Imagination Room, Level 5, National Library Building, 100 Victoria Street, Singapore 188064.

The Notice of the 2016 AGM and a Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the Company, you should immediately forward this Appendix and the Annual Report with the Notice of the 2016 AGM and the accompanying Proxy Form to the purchaser, transferee or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

RYOBI

**Ryobi Kiso Holdings Ltd.**

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200803985D)

# APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 3 OCTOBER 2016 IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

# TABLE OF CONTENTS


| | | Page |
|---|---|---|
| **DEFINITIONS** | | 1 |
| **LETTER TO SHAREHOLDERS** | | 3 |
| **1.** | **INTRODUCTION** | 3 |
| **2.** | **RATIONALE FOR RENEWAL OF THE SHARE BUY BACK MANDATE** | 3 |
| **3.** | **AUTHORITY AND LIMITS OF THE SHARE BUYBACK MANDATE** | 4 |
| **4.** | **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS** | 16 |
| **5.** | **DIRECTORS' RECOMMENDATION** | 16 |
| **6.** | **DIRECTORS' RESPONSIBILITY STATEMENT** | 16 |
| **7.** | **INSPECTION OF DOCUMENTS** | 17 |

## DEFINITIONS

In this Appendix, the following words and phrases shall have the meanings set out against them unless the context otherwise requires:

| | | |
|---|---|---|
| *"2016 AGM"* | : | The AGM scheduled to be held on 19 October 2016 |
| *"Act"* | : | The Companies Act, Chapter 50 of Singapore, as modified, supplemented or amended from time to time |
| *"AGM"* | : | The annual general meeting of the Company |
| *"Appendix"* | : | This letter to Shareholders dated 3 October 2016 in relation to the renewal of the Share Buyback Mandate |
| *"Associate"* | : | Shall have the same meaning as defined in the SGX-ST Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST as modified, supplemented or amended from time to time |
| *"Board"* | : | The board of Directors of the Company |
| *"CDP"* | : | The Central Depository (Pte) Limited |
| *"Code"* | : | The Singapore Code on Takeovers and Mergers, as amended or modified from time to time |
| *"Company"* | : | Ryobi Kiso Holdings Ltd. |
| *"Constitution"* | : | The Memorandum and Articles of Association of the Company |
| *"Controlling Shareholder"* | : | A person who:<br>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or<br>(b) in fact exercises control over the Company |
| *"Director"* | : | A director of the Company for the time being |
| *"EGM"* | : | The extraordinary general meeting of the Company |
| *"EPS"* | : | Earnings per Share |
| *"Financial Year" or "FY"* | : | The financial year ended or ending, 30 June, as the case may be |
| *"Group"* | : | The Company and its subsidiaries |
| *"Latest Practicable Date" or "LPD"* | : | 20 September 2016, being the latest practicable date prior to the printing of this Appendix |
| *"Listing Manual"* | : | The Listing Manual of the SGX-ST as modified, supplemented or amended from time to time |
| *"Listing Rules"* | : | The listing rules of the SGX-ST as set out in the Listing Manual as modified, supplemented or amended from time to time |
| *"Market Day"* | : | A day on which the SGX-ST is open for trading in securities |
| *"NTA"* | : | Net tangible assets |

| | | |
|---|---|---|
| *"Securities Account"* | : | Securities account maintained by a Depositor with CDP, but does not include a securities sub-account |
| *"Securities and Futures Act"* | : | Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time |
| *"Shareholders"* | : | Persons who are for the time being registered as holders of the Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares |
| *"Shares"* | : | Ordinary shares in the capital of the Company |
| *"Share Buyback"* | : | The buyback of issued Shares by the Company pursuant to the terms of the Share Buyback Mandate |
| *"Share Buyback Mandate"* | : | The Share buyback mandate which was previously approved by Shareholders during the EGM held on 20 October 2010, details of which are provided in the Company's circular to Shareholders dated 5 October 2010 |
| *"SIC"* | : | The Singapore Securities Industries Council |
| *"Subsidiary" or "Subsidiaries"* | : | Has the meaning ascribed to it in Section 5 of the Act |
| *"Substantial Shareholder"* | : | In relation to the Company, a person who has an interest in not less than five per cent (5%) of the issued voting Shares in the capital of the Company |
| *"Treasury Share(s)"* | : | A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled |
| *"%" or "per cent"* | : | Per centum or percentage |
| *"$" and "cents"* | : | Singapore dollars and cents, respectively |

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Act or the Listing Manual or any statutory modification thereof, unless otherwise provided.

Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

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

# Ryobi Kiso Holdings Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200803985D)

***Directors***

| | |
|---|---|
| Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng | Chairman and Non-Executive Director |
| Ong Tiong Siew | Chief Executive Officer and Executive Director |
| Ong Teng Choon | Executive Director |
| Lai Chin Yee | Lead Independent Director |
| Lau Teik Soon | Independent Director |

***Registered Office***

58A Sungei Kadut Loop
Ryobi Industrial Building
Singapore 729505

3 October 2016

To: The Shareholders of Ryobi Kiso Holdings Ltd.

Dear Sir/ Madam,

**RENEWAL OF SHARE BUYBACK MANDATE**

**1. INTRODUCTION**

1.1 We refer to the notice of the 2016 AGM to the Shareholders of the Company dated 3 October 2016 ("**Notice**"), accompanying the Annual Report of the Company, convening the 2016 AGM to be held on 19 October 2016 and Resolution No. 10 under the heading "Special Business" set out in the Notice.

1.2 At the EGM of the Company held on 20 October 2010, Shareholders had approved the Share Buyback Mandate to enable the Company to purchase or otherwise acquire the Shares.

1.3 Subsequently at the AGM of the Company held on 20 October 2011, 24 October 2012, 24 October 2013, 20 October 2014 and 23 October 2015, Shareholders had approved the renewal of the Share Buyback Mandate.

1.4 The Share Buyback Mandate will expire on the date of the forthcoming 2016 AGM. Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the forthcoming 2016 AGM, to take effect until the conclusion of the next following AGM of the Company.

1.5 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

**2. RATIONALE FOR THE RENEWAL OF THE SHARE BUYBACK MANDATE**

2.1 The rationale for and the authority and limitations on, the renewal of the Share Buyback Mandate were set out in the Company's circular to Shareholders dated 5 October 2010 ("**Share Buyback Circular**") and is as follows:

2.1.1 to increase Shareholders' value and to improve, inter alia, the return on equity of the Group. A Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced;

2.1.2 to provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA per Share;

2.1.3 Share Buybacks by the Company will help mitigate short-term market volatility and bolster Shareholder confidence; and

2.1.4 Share Buyback Mandate may be used to purchase existing Shares which may then be held in treasury, and such Treasury Shares may consequently be transferred for the purposes of or pursuant to the Ryobi Kiso Share Award Scheme in order to satisfy the awards given thereunder (if any).

The Share Buybacks will only be undertaken if the Directors are of the view that it would benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out at all, or to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances where there might be material adverse effect on the financial position of the Group as a whole.

## 3. AUTHORITY AND LIMITS OF THE SHARE BUYBACK MANDATE

3.1 The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Buyback Mandate, if renewed at the 2016 AGM, are the same as previously approved at the EGM and are summarised as follows:

3.1.1 Maximum number of Shares

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

The total number of Shares that may be purchased is limited to that number of Shares representing not more than ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved ("**Approval Date**"). Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the 10% limit.

**For illustrative purposes only**, on the basis of 296,649,136 Shares (excluding 9,458,160 Treasury Shares) in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the 2016 AGM, not more than 29,664,913 Shares (representing ten per cent (10%) of the Shares in issue, less 9,458,160 Treasury Shares as at the Approval Date) may be purchased or acquired by the Company pursuant to the renewed Share Buyback Mandate.

3.1.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

(i) the date on which the next AGM of the Company is held or required by law or the existing Articles to be held;

(ii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Shareholders in general meeting; or

(iii) the date on which Share Buybacks are carried out to the full extent mandated.

("**Relevant Period**").

3.1.3 Manner of purchases or acquisitions of Shares

(i) Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme (as defined in section 76C of the Act, as modified, supplemented or amended from time to time) which shall satisfy all the conditions prescribed by the Act and the Listing Rules as set out in the Listing Manual as modified, supplemented or amended from time to time.

(ii) The Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Rules and the Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

(iii) Under the Act, an equal access scheme must satisfy all the following conditions:

(a) offers for the purchase of issued Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of the offers are the same, except that there shall be disregarded:

(1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

(iv) In addition, the Listing Rules provide that in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buyback;

(d) the consequences, if any, of Share Buybacks by the Company that will arise under the Code or other applicable takeover rules;

(e) whether the Share Buyback, if made, will have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share Buybacks (whether Market Purchases or Off-Market Purchases) made by the Company in the previous twelve (12) months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

3.1.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as defined hereinafter); or

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Highest Last Dealt Price (as defined hereinafter),

("**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after such five (5)-Market Day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

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

3.2 Status of the Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

3.2.1 Treasury Shares

A company incorporated in Singapore may also hold any share which is purchased by such company as a treasury share.

Under the Act, the number of shares of a company held as treasury shares cannot at any time exceed 10.0% of the total number of its issued shares. If a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

No acquisition by a company of its own shares whether to be held as treasury shares or for cancellation may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

A company cannot exercise any right in respect of its treasury shares. In particular, a company cannot exercise any right to attend or vote at meetings, and for the purposes of the Act, a 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 a company's assets may be made, to such 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 share 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.

A company that acquires its own shares to be held as treasury shares may:

(i) hold all or any of the shares;

(ii) dispose of or transfer all or any of the shares for cash or other consideration;

(iii) cancel all or any of the shares;

(iv) transfer the shares for the purposes of or pursuant to an employee share scheme; or

(v) transfer the shares as consideration for the acquisition of shares in or assets of another company or assets of a person.

3.3 Source of Funds

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

Any purchases or acquisitions of Shares may be made only if the Company is solvent and out of the Company's capital 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 Act, a company is solvent if:

(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 the 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 (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company may use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Buyback Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

3.4 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, inter alia, the number of Shares purchased or acquired and the price paid for such Shares and the manner in which the purchase is funded.

The Company's total issued share capital will be diminished by the total nominal amount of the Shares purchased by the Company. The NTA of the Company and the Group will be reduced by the aggregate purchase price paid by the Company for the Shares. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 June 2016 ("**FY2016**"), are based on the assumptions set out below:

3.4.1 Number of Shares purchased or acquired

Based on the issued and paid-up ordinary share capital of the Company (excluding 9,458,160 Treasury Shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of ten per cent (10%) of its issued Shares will result in the purchase or acquisition of 29,664,913 Shares.

3.4.2 Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 29,664,913 Shares at the Maximum Price of $0.211 for one Share (being the price equivalent to five per cent (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 29,664,913 Shares is $6,259,297.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 29,664,913 Shares at the Maximum Price of $0.258 for one Share (being the price equivalent to twenty per cent (20%) above the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 29,664,913 Shares is $7,653,548.

No illustration will be shown for purchases made out of profits as the Company does not have sufficient revenue reserves to do so.

On the basis of the assumptions set out above and the following:

(i) purchases of Shares are made to the extent as aforesaid;

(ii) such purchases of Shares are funded wholly by external borrowings; and

(iii) the Company had purchased 29,664,913 Shares on the Latest Practicable Date (representing ten per cent (10%) of the Shares in issue as at the Latest Practicable Date),

the financial effects on the audited financial statements of the Company and the Group for FY2016 pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of capital and held as Treasury Shares; and

(2) by way of purchases made entirely out of capital and cancelled, would have been as follows:

**(1) Purchases made entirely out of capital and held as Treasury Shares**

***(A) Market Purchases***

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **As at 30 June 2016** | **Before Proposed Share Purchase $'000** | **After Proposed Share Purchase $'000** | **Before Proposed Share Purchase $'000** | **After Proposed Share Purchase $'000** |
| Share Capital | 88,385 | 88,385 | 88,385 | 88,385 |
| Retained Earnings | 1,774 | 1,774 | 1,578 | 1,578 |
| Other Reserves | 413 | 413 | – | – |
| | 90,572 | 90,572 | 89,963 | 89,963 |
| Shares held in treasury | (3,115) | (9,374) | (3,115) | (9,374) |
| Shareholders' Funds | 87,457 | 81,198 | 86,848 | 80,589 |
| NTA[1] | 86,610 | 80,351 | 86,848 | 80,589 |
| Current Assets | 132,075 | 132,075 | 41,830 | 41,830 |
| Current Liabilities | 119,690 | 125,949 | 701 | 6,960 |
| Working Capital | 12,385 | 6,126 | 41,129 | 34,870 |
| Total Borrowings | 96,810 | 103,069 | – | 6,259 |
| Intangible Assets | 847 | 847 | – | – |
| Cash and Cash Equivalents | 30,312 | 30,312 | 1,880 | 1,880 |
| Net Loss After Tax | (12,849) | (12,849) | (1,445) | (1,445) |
| Number of Shares (in '000) | 296,649 | 266,984 | 296,649 | 266,984 |
| Weighted average number of Shares (in '000) | 296,667 | 267,002 | 296,667 | 267,002 |
| **Financial Ratios** | | | | |
| NTA[1] per Share (cents) | 29.20 | 30.10 | 29.28 | 30.18 |
| Gearing (times)[2] | 1.11 | 1.27 | – | 0.08 |
| Current Ratio (times)[3] | 1.10 | 1.05 | 59.67 | 6.01 |
| Loss per Share (cents)[4] | (3.83) | (4.26) | (0.49) | (0.54) |

**Notes**:

(1) NTA equals shareholders' funds less intangible assets

(2) Gearing equal total borrowings divided by shareholders' funds

(3) Current ratio equals current assets divided by current liabilities

(4) Loss per share is computed based on FY2016 net loss attributable to Shareholders divided by the weighted average number of Shares

### *(B) Off-Market Purchases*

| As at 30 June 2016 | GROUP Before Proposed Share Purchase $'000 | GROUP After Proposed Share Purchase $'000 | COMPANY Before Proposed Share Purchase $'000 | COMPANY After Proposed Share Purchase $'000 |
|---|---|---|---|---|
| Share Capital | 88,385 | 88,385 | 88,385 | 88,385 |
| Retained Earnings | 1,774 | 1,774 | 1,578 | 1,578 |
| Other Reserves | 413 | 413 | – | – |
| | 90,572 | 90,572 | 89,963 | 89,963 |
| Shares held in Treasury | (3,115) | (10,769) | (3,115) | (10,769) |
| Shareholders' Funds | 87,457 | 79,803 | 86,848 | 79,194 |
| NTA[1] | 86,610 | 78,956 | 86,848 | 79,194 |
| Current Assets | 132,075 | 132,075 | 41,830 | 41,830 |
| Current Liabilities | 119,690 | 127,344 | 701 | 8,355 |
| Working Capital | 12,385 | 4,731 | 41,129 | 33,475 |
| Total Borrowings | 96,810 | 104,464 | – | 7,654 |
| Intangible Assets | 847 | 847 | – | – |
| Cash and Cash Equivalents | 30,312 | 30,312 | 1,880 | 1,880 |
| Net Loss After Tax | (12,849) | (12,849) | (1,445) | (1,445) |
| Number of Shares (in '000) | 296,649 | 266,984 | 296,649 | 266,984 |
| Weighted average number of Shares (in '000) | 296,667 | 267,002 | 296,667 | 267,002 |
| **Financial Ratios** | | | | |
| NTA[1] per Share (cents) | 29.20 | 29.57 | 29.28 | 29.66 |
| Gearing (times)[2] | 1.11 | 1.31 | – | 0.10 |
| Current Ratio (times)[3] | 1.10 | 1.04 | 59.67 | 5.01 |
| Loss per Share (cents)[4] | (3.83) | (4.26) | (0.49) | (0.54) |

**Notes**:

(1) NTA equals shareholders' funds less intangible assets

(2) Gearing equal total borrowings divided by shareholders' funds

(3) Current ratio equals current assets divided by current liabilities

(4) Loss per share is computed based on FY2016 net loss attributable to Shareholders divided by the weighted average number of Shares

**(2) Purchases made entirely out of capital and cancelled**

***(A) Market Purchases***

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **As at 30 June 2016** | **Before Proposed Share Purchase $'000** | **After Proposed Share Purchase $'000** | **Before Proposed Share Purchase $'000** | **After Proposed Share Purchase $'000** |
| Share Capital | 88,385 | 82,126 | 88,385 | 82,126 |
| Retained Earnings | 1,774 | 1,774 | 1,578 | 1,578 |
| Other Reserves | 413 | 413 | – | – |
| | 90,572 | 84,313 | 89,963 | 83,704 |
| Shares held in treasury | (3,115) | (3,115) | (3,115) | (3,115) |
| Shareholders' Funds | 87,457 | 81,198 | 86,848 | 80,589 |
| NTA[1] | 86,610 | 80,351 | 86,848 | 80,589 |
| Current Assets | 132,075 | 132,075 | 41,830 | 41,830 |
| Current Liabilities | 119,690 | 125,949 | 701 | 6,960 |
| Working Capital | 12,385 | 6,126 | 41,129 | 34,870 |
| Total Borrowings | 96,810 | 103,069 | – | 6,259 |
| Intangible Assets | 847 | 847 | – | – |
| Cash and Cash Equivalents | 30,312 | 30,312 | 1,880 | 1,880 |
| Net Loss After Tax | (12,849) | (12,849) | (1,445) | (1,445) |
| Number of Shares (in '000) | 296,649 | 266,984 | 296,649 | 266,984 |
| Weighted average number of Shares (in '000) | 296,667 | 267,002 | 296,667 | 267,002 |
| **Financial Ratios** | | | | |
| NTA[1] per Share (cents) | 29.20 | 30.10 | 29.28 | 30.18 |
| Gearing (times)[2] | 1.11 | 1.27 | – | 0.08 |
| Current Ratio (times)[3] | 1.10 | 1.05 | 59.67 | 6.01 |
| Loss per Share (cents)[4] | (3.83) | (4.26) | (0.49) | (0.54) |

**Notes**:

(1) NTA equals shareholders' funds less intangible assets

(2) Gearing equal total borrowings divided by shareholders' funds

(3) Current ratio equals current assets divided by current liabilities

(4) Loss per share is computed based on FY2016 net loss attributable to Shareholders divided by the weighted average number of Shares

***(B) Off-Market Purchases***

| As at 30 June 2016 | GROUP Before Proposed Share Purchase $'000 | GROUP After Proposed Share Purchase $'000 | COMPANY Before Proposed Share Purchase $'000 | COMPANY After Proposed Share Purchase $'000 |
|---|---|---|---|---|
| Share Capital | 88,385 | 80,731 | 88,385 | 80,731 |
| Retained Earnings | 1,774 | 1,774 | 1,578 | 1,578 |
| Other Reserves | 413 | 413 | – | – |
| | 90,572 | 82,918 | 89,963 | 82,309 |
| Shares held in treasury | (3,115) | (3,115) | (3,115) | (3,115) |
| Shareholders' Funds | 87,457 | 79,803 | 86,848 | 79,194 |
| NTA[(1)] | 86,610 | 78,956 | 86,848 | 79,194 |
| Current Assets | 132,075 | 132,075 | 41,830 | 41,830 |
| Current Liabilities | 119,690 | 127,344 | 701 | 8,355 |
| Working Capital | 12,385 | 4,731 | 41,129 | 33,475 |
| Total Borrowings | 96,810 | 104,464 | – | 7,654 |
| Intangible Assets | 847 | 847 | – | – |
| Cash and Cash Equivalents | 30,312 | 30,312 | 1,880 | 1,880 |
| Net Loss After Tax | (12,849) | (12,849) | (1,445) | (1,445) |
| Number of Shares (in '000) | 296,649 | 266,984 | 296,649 | 266,984 |
| Weighted average number of Shares (in '000) | 296,667 | 267,002 | 296,667 | 267,002 |
| **Financial Ratios** | | | | |
| NTA[(1)] per Share (cents) | 29.20 | 29.57 | 29.28 | 29.66 |
| Gearing (times)[(2)] | 1.11 | 1.31 | – | 0.10 |
| Current Ratio (times)[(3)] | 1.10 | 1.04 | 59.67 | 5.01 |
| Loss per Share (cents)[(4)] | (3.83) | (4.26) | (0.49) | (0.54) |

**Notes**:

(1) NTA equals shareholders' funds less intangible assets

(2) Gearing equal total borrowings divided by shareholders' funds

(3) Current ratio equals current assets divided by current liabilities

(4) Loss per share is computed based on FY2016 net loss attributable to Shareholders divided by the weighted average number of Shares

**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 the above analysis is based on audited consolidated financial statements for FY2016 and are not necessarily representative of future financial performance of the Group.**

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, Share market conditions and the performance of the Shares) in assessing the relative impact of a Share Buyback before execution.

Purchases of Shares by the Company pursuant to the Share Buyback Mandate will only be made in circumstances where it is considered to be in the best interests of the Company. It should be noted that purchases pursuant to the Share Buyback Mandate may not necessarily be carried out to the full ten per cent (10%) as mandated. Further, the Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

3.5 Listing Rules

3.5.1 The Listing Rules provide that a listed company shall report all purchases or acquisitions of its Shares to SGX-ST not later than 9.00 a.m.:

(i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its Shares; and

(ii) 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 8.3.1 to the Listing 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 the number of treasury shares held after the purchase.

3.5.2 While the Listing Rules do not expressly prohibit any buyback of shares by a listed company of its own shares during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase of its issued shares, the Company will not undertake any buyback of Shares pursuant to the proposed Share Buyback Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by SGX-ST, the Company will not purchase or acquire any Shares pursuant to the proposed Share Buyback Mandate during the period commencing two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month immediately preceding the announcement of the Company's financial statements of its full-year and ending on the date of the announcement of the relevant results.

3.5.3 The Listing Rules also require a listed company to ensure that at least ten per cent (10%) of its Shares is at all times held by the public Shareholders. The "public", as defined under the Listing Manual, are persons other than the Directors, substantial shareholders, chief executive officers or controlling shareholders of the company or its subsidiaries, as well as Associates of such persons.

As at the Latest Practicable Date, 64,357,840 Shares representing 21.69% of the issued share capital (excluding treasury shares) of the Company are held in the hands of the public by an aggregate of 1,320 Shareholders. In the event that the Company purchases the full ten per cent (10%) limit pursuant to the Share Buyback Mandate from public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 12.99%. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake buybacks of the Shares up to the full ten per cent (10%) limit pursuant to the proposed Share Buyback Mandate without affecting adversely the listing status of the Shares on SGX-ST.

3.6 Tax Implications

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 advisers.

3.7 Takeover Implications under the Singapore Code of Takeovers and Mergers

An increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Buyback by the Company will be treated as an acquisition for the purposes of Rule 14 of the Code. Under Rule 14 of the Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory takeover offer if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30 per cent (30%) or more or, if they, together hold between 30 per cent (30%) and 50 per cent (50%) of the Company's voting rights, increase their voting rights in the Company by more than 1 per cent (1%) in any period of six (6) months.

Under the 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 control of that company. Unless the contrary is established, the following persons will, inter alia, be presumed to be acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) a financial or other professional adviser, with its clients 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 ten per cent (10%) or more of the client's equity share capital;

(vi) directors of a company, together with their closed relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners;

(viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to instructions and companies controlled by any of the above; and

(ix) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purpose of voting rights.

For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 of the Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Code ("**Appendix 2**").

In general terms, the effect of Rule 14 and Appendix 2 is that:

(a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such directors and their concert parties would increase to 30 per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between 30 per cent (30%) and 50 per cent (50%) of the company's voting rights, the voting rights of such directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months; and

(b) a shareholder who is not acting in concert with directors will not be required to make a takeover 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 thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between 30 per cent (30%) and fifty per cent (50%) of the company's voting rights, the voting rights of such shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such shareholder need not abstain from voting in respect of the resolution authorising the share buyback mandate.

3.8 Application of the Singapore Code of Takeovers and Mergers

The shareholdings of the Substantial Shareholders at the Latest Practicable Date and after purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10% of the issued share capital of the Company pursuant to the Share Buyback Mandate as the case may be, are as follows:

| | **Before Proposed Share Buyback** | | | **After Proposed Share Buyback** | | |
|---|---|---|---|---|---|---|
| | **Number of Shares** | | | **Number of Shares** | | |
| **Substantial Shareholders** | **Direct Interest** | **Deemed Interest** | **%** | **Direct Interest** | **Deemed Interest** | **%** |
| Tanglin Capital Pte. Ltd.[(1)] | 191,902,424 | – | 64.69 | 191,902,424 | – | 71.88 |
| Ong Tiong Siew[(2)] | 14,975,296 | 198,834,144 | 72.07 | 14,975,296 | 198,834,144 | 80.08 |
| Ong Teng Choon[(2)] | 10,743,152 | 198,834,144 | 70.65 | 10,743,152 | 198,834,144 | 78.50 |
| Ong Huay Chin[(2)] | 3,008,704 | 198,834,144 | 68.04 | 3,008,704 | 198,834,144 | 75.60 |

**Notes:**

(1) Tanglin Capital Pte. Ltd. is deemed to be interested in the 93,840,000 Shares held through Raffles Nominees (Pte) Ltd.

(2) Tanglin Capital Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 7 of the Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 191,902,424 Shares held by Tanglin Capital Pte. Ltd..

Kiso Engineering (S) Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 7 of the Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 6,931,720 Shares held by Kiso Engineering (S) Pte. Ltd..

In the event the Company undertakes Share Buybacks within the Relevant Period of up to ten per cent (10%) of the issued share capital of the Company as permitted by the Share Buyback Mandate, the shareholdings and voting rights of each of Tanglin Capital Pte. Ltd., Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin will remain above 50%. Accordingly, no general offer is required to be made pursuant to the Code.

**Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a takeover offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate as the case may be.**

3.9 Details of Previous Share Purchases

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

## 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively are set out below:

| | Number of Shares | | | |
|---|---|---|---|---|
| **Name of Director** | **Direct Interest** | **Deemed Interest** | **Total Interest** | **%** |
| Ong Tiong Siew[2] | 14,975,296 | 198,834,144 | 213,809,440 | 72.07 |
| Ong Teng Choon[2] | 10,743,152 | 198,834,144 | 209,577,296 | 70.65 |
| Lee Yiok Seng | 1,280,000 | – | 1,280,000 | 0.43 |

| | Number of Shares | | | |
|---|---|---|---|---|
| **Name of Substantial Shareholder** | **Direct Interest** | **Deemed Interest** | **Total Interest** | **%** |
| Tanglin Capital Pte. Ltd.[1] | 191,902,424 | – | 191,902,424 | 64.69 |
| Ong Huay Chin[2] | 3,008,704 | 198,834,144 | 201,842,848 | 68.04 |

**Notes**:

(1) Tanglin Capital Pte. Ltd. is deemed to be interested in the 93,840,000 Shares held through Raffles Nominees (Pte) Ltd.

(2) Tanglin Capital Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 7 of the Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 191,902,424 Shares held by Tanglin Capital Pte. Ltd..

Kiso Engineering (S) Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 7 of the Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 6,931,720 Shares held by Kiso Engineering (S) Pte. Ltd.

## 5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Buyback Mandate is in the best interest of the Company. The Directors accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 9 under the Notice of AGM relating to the proposed renewal of the Share Buyback Mandate.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

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

## 7. INSPECTION OF DOCUMENTS

Copies of the following documents may be inspected at the business office of the Company at 58A Sungei Kadut Loop, Ryobi Industrial Building, Singapore 729505, during normal business hours from the date of this Appendix up to and including the date of the 2016 AGM:

(1) the Constitution of the Company;

(2) the Annual Report of the Company for the financial year ended 30 June 2016;

(3) the Share Buyback Circular dated 5 October 2010; and

(4) the Appendix to the Notices of Annual General Meeting dated 5 October 2011, 9 October 2012, 9 October 2013, 3 October 2014 and 23 Oct 2015 in relation to the Proposed Renewal of the Share Buyback Mandate.

Yours faithfully
For and on behalf of the Board of Directors of

**Ryobi Kiso Holdings Ltd.**
**Ong Tiong Siew**
Chief Executive Officer and Executive Director